THE STATE, MARKET AND IDENTITY POLITICS : A COMPARATIVE ANALYSIS OF URBAN REDEVELOPMENT IN SINGAPORE AND TAIPEI

YU-LING LUO

PHD

1998

University College London

BIBL. LONDIN. UNIV.

ABSTRACT

Singapore and Taipei both have witnessed the re-orientation of urban redevelopment policy in their historical centres since the mid-1980s. The new planning policy has two important aspects. One is the re-invention and re-interpretation of historical and spatial icons, which are often associated with the ideological construction and moral regulation of the nation-state. The other is the state intervention in the production of the built environment, which involves the rejection of an intensive use of land, and the preference of a controlled-growth in historical urban centres. This alternative paradigm does not only encounter the reclaim of the historical built environment once is neglected, but a legacy of the entire economic, social and symbolic systems that are designed for pursuing growth and development. There is a dilemma which concerns the apparent contradiction between the use of land resources to foster economic growth and the necessity to preserve physical structure for political and symbolic purposes.

This thesis attempts to explore the interplay of economic interest, political power and national identity in the transformation of Singapore and Taiwan in the post-1980 era, through analysing policies and consequences of the re-invention and re-investment in historical urban centres. This thesis provides a historic perspective of the structural setting in which the complicated relationship between the nation-state, the economy and society is constructed. It identifies a set of causal relations which have created specific conditions shaping the logic of urban policy, the planning regime, the property market and cultural practice in both countries. This thesis also reveals how the internal dynamics and conflicts of these structural and institutional factors, together with the historical and spatial development of the locality, have produced direct or indirect impacts on the policy decision-making process, the formulation of planning strategies, and the implementation of these strategies. At the end, this thesis suggests that the interplay between economic interest, political power and national identity in this planning process, is a meaningful relationship and not just a historical coincidence. By considering this planning process as the outcome of an endless negotiation between these different and conflicting forces, this thesis sheds light on the nature and the transformation of the nation-building process in two different spatial situations and historical contexts.

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ACKNOWLEDGEMENTS

I owe the greatest intellectual debt to my supervisor Professor Peter Hall. His optimism, patience and encouragement throughout have contributed to this thesis in ways that go far beyond those are usually associated with the task of supervision. His careful reading and insightful comments on the manuscript also have immeasurably improved the final version of this thesis. I also owe special thanks to Dr. Stephen Merrett, who inspired me with many interesting ideas during the early stages of my study. I also wish to thank Dr. Chang Jing-Shen, Head of the Urban Development Department of the Taipei Municipal Government, for offering me financial support in the form of two research projects and research grants.

I want to thank the following organisations in Singapore for allowing me access to archival material and unpublished data: Singapore Institute of Valuers and Surveyors, Singapore Inland Revenue, Urban Redevelopment Authority, Archives and Oral History Department, Singapore Institute of Planners, Heritage Society of Singapore, Jones Lang Wootton Development Ltd, and Real Estate Developers' Association. Special thanks are also due to the following organisations in Taiwan which were extremely helpful and often crucial to the data-gathering process: Cultural Construction Committee and Construction Department of the Ministry of Home Affairs, Taipei Municipal Government, Taiwan Association of Architects, Tailien Real Estate, Liba Real Estate, Organisation of Urban Reformists, Ku-Fon Heritage Society, Yoshan Foundation of Cultural and Education, Dadowchang Redevelopment Association, and Dihua Street Regeneration Association. I am extremely grateful to the staff of these organisations who offered me various kinds of assistance. Special mention must go to Lauw Yu-Chi, Soh Soing-Wai, Wong Young-Ai, Keay Soh-Tiang and Shran Kayam in Singapore; Hsiao Hui-Ying, Li Da-Chung and Bai Chi-Fong in Taipei. Without their generous help, I would not be able to obtain certain data which are extremely crucial to my research.

I have been blessed with endless supplies of love and support from my parents Luo Lien-Tien and Luo Chen Jan-Mei, as well as from my sisters Huai and Yun. I would also like express my sincere thanks to two very special friends, Raymond Wei-Chung Chu and Lindsay Macmillan, with whom I shared afternoon tea and night drink on numerous occasions. Their emotional support and good cheer helped me to go through all the ups

and downs during my study in England. Finally, the greatest thanks are due to my good friend Melih Pinarcioglu, who read many drafts and helped to clarify my thoughts in our numerous conversations. The depth of his friendship and constant support have been crucial to the successful completion of the thesis.

CHAPTER ONE
INTRODUCTION

1.1. The Context

Singapore and Taiwan have both experienced colonialism for a period in history before becoming sovereign states. The history of Singapore can be traced back to the creation of a trading empire - Malacca Sultanate in the Malay Peninsula in the fifteenth century. This island became a British colony after a treaty signed between the British government and the Sultan of Johore - Riau in 1819. The colonial control lasted more than a century and ended in 1957. This island was granted an autonomous status and obtained its first self-government. Taiwan was first claimed by the Spanish and then by the Dutch in the early seventeenth century. The Chinese began to govern this island in the late seventeenth century when the Chin Dynasty formally designated Taiwan as a prefecture to the Fujian Province. Taiwan was ceded to Japan in 1895 when China was defeated in the Opium War. The Japanese ruled this island until the end of the Second World War when the Cairo Conference declared that Taiwan should be returned to the Republic of China.

After the Second World War, a number of independent states in Asia were born within the region's conflicting geo-political politics: the territorial struggles between nationalists and imperialists, the confrontation between local nationalism and Japanese or Chinese nationalism, the conflicts between different ethnic groups, and the ideological competition between capitalism and communism. The creation of Singapore and Taiwan as independent and sovereign states was also conditioned in sets of intertwined forces operating in particular historical circumstances. The People's Action Party (PAP) took over the self-government of Singapore in 1959, after excluding the left-wing faction from its own organisation. At this juncture, the widespread of the Communist influence in the Malay Peninsula forced the Federation of Malaya to formulate a new political agenda that could enhance the tacit alliance among anti-Communist political parties, and could create a common market in this region. Singapore, together with Sarawak and Sabah decided to joint the Federation of Malaysia as member states in 1963. Yet during the period of unification, the PAP was excluded from the political arena in the Federation due to a long-standing hostility and suspicion to the Chinese in the Malay world. The ethnic and political tensions embodied in this region also turned Singapore into a major

target while Indonesia began military attack on Malaysia. The merger only lasted two years. Singapore cut adrift from the Federation and claimed its independence in 1965.[1] After Japan's surrender in 1945, Taiwan was temporarily governed by the Chinese nationalist troops. The Chinese nationalist party (KMT) fled to Taiwan in 1949 after losing the battle with the Communist in the civil war. At that time, the international situation turned extremely unfavourable to the KMT regime. The United States had supported the KMT in China but currently saw there was no future for the regime in return to the mainland. The collapse of the KMT and the take-over of Taiwan by the Communist Red Army seems to have been inevitable. However, the outbreak of the Korean War in 1951 and the subsequent change in the US foreign policy somehow helped the regime to survive. The military support from the United States put China's invasion of Taiwan out of the question and consequently, legitimised the KMT's governing of this island.[2]

Having said these, it is clear that Singapore and Taiwan obtained their sovereignty by default, without relying on popular uprisings of society, as occurred in the revolutionary democratic states in the Western world. The population of Singapore is of Chinese, Malay and Indian origins, with the Chinese comprising almost two-third of the entire population. These ethnic groups are divided by languages, religions and ideologies, and have little in common to develop emotional ties with each other. The hostility between the Malay and the Chinese was exaggerated when the Japanese occupied this island in the period 1942-45 and during the short period of unification within the Federation of Malaysia. Taiwan was in a more difficult situation. The nationalist party tended to mistreat the Taiwanese as collaborators with the Japanese. The confrontation between Chinese solders and local residents in 1947 evolved into a massacre during which ten thousand Taiwanese killed by the nationalist troops with another ten thousand died in prison or disappeared.[3] Although the Taiwanese are of Chinese origin, the massacre created an enduring antagonism between mainlanders and Taiwanese. The withdrawal of the nationalist party from China brought about one and half million mainlanders to Taiwan. These mainlanders came from thirty-five different provinces of China and

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[1] For discussion on Singapore's independence see Chiew, S., 1990; Chan, F., 1986; Goh, L., 1987

[2] For discussion on the geo-political politics in this region See Kerr, 1965; Mayers, 1986

[3] For discussion on the 1947 Massacre see Wang, J., 1988; Li., I., 1987; Moser, 1985

belonged to several different dialectic groups. They suddenly found themselves within a political territorial form not of their choosing or to their liking. Hence, for the state elite in both countries, the task of national integration was monumental as the key elements of a sense of unity were not existent among the populace. Nationalist discourse thus had to be carefully reconstructed because cultural elements that could serve to aspire nationalist sentiment, might also stimulate sub-national regionalism at the same time.

Another difficult task for both countries was that the national economy appeared to be on the verge of breaking down. The growth of traditional trade in Singapore had already approached its limits in the late 1950s.[4] The separation from Malaysia marked the end of the common market and cut off Singapore's access to raw material and resources in this region. The confrontation with Indonesia caused a sharp decline in Singapore's port activities and a remarkable withdrawal of foreign investment.[5] The British also decided to remove their armed forces from Singapore in four years time after 1967. It would cause a loss of one quarter of economic activities on this island, which was previously associated with the military establishment. Taiwan's economy was not in a better condition. The Japanese-built infrastructure was already seriously damaged during the war. The end of the markets in China and Japan meant that it could no longer depend on trade to obtain the key inputs for its economy. Foreign trade and investment dried out and the industrial production capacities were almost completely destroyed. The massive influx of refugees caused a sudden surge in demand, yet the national economy was at a standstill. Defence expenditure soaked up most of the government's income as a hostile atmosphere still persisted between the two sides of the Taiwan Strait.[6]

Having inherited office, the immediate tasks for both governments were first, to preserve the territorial legacy in the face of a variety of centrifugal forces; second, to forge a common identity and to prevent sub-national regionalism from forming; and third, to prove that they are capable to govern so as to generate mass prosperity for society. It is clear that the PAP and the KMT were left with little choice but to adopt at maximum speed policies that would guarantee political unity and economic viability. They initiated mobilisation campaigns involving the whole population in the name of

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[4] See Fong, P., 1985; Chiew, S., 1990; Chang, H., 1976
[5] See Ong, W., 1977
[6] See Wong, K., 1988

struggle for national survival'.[7] Developmentalist doctrine came to dominate the official agenda. For the PAP, through delivering an 'economic miracle', it can evoke a sense of pride in national achievement and then win acceptance of its right to rule among the populace. For the KMT, being successful in economic development can bring the regime to an international recognition. Through the creation of a strong economy in Taiwan that the Chinese Communist Party might not be able to achieve in China, the KMT can win a moral, if not a military victory. Economic growth, for both countries, is a national goal and a common national interest.

The political regimes in Singapore and Taiwan have been characterised by their commitment to economic development, and also by using the developmentalist discourse as a means to obtain internal integration. As economic development and social cohesion have assumed paramount importance in the public domain, planning policies, as forms of state intervention, have also been subject to these objectives. Planning policies have been formulated to provide infrastructure for economic and residential activities, to ensure the efficiency of allocation of land use, to maintain equal distribution of goods and services, and to enhance political stability and social harmony. To serve the symbolic function of the state, the physical structure of the capital city has been largely transformed into modernist forms of spatial organisations. It has demonstrated the achievement of the government, indicated promise for the future, and engendered a sense of national pride among citizens. As progress and modernisation have been the major aspiration of the whole country, there have not been too many chances for historic buildings to survive.

The remarkable economic expansion and relatively equal distribution of income have made the development experiences in Singapore and Taiwan stand in stark contrast to other developing countries. However, in the late 1970s, both countries began to face a new set of challenges from both internal politics and the global economy. First, the existing development strategy for the export-oriented economy reached its limits. Second, the one-party state and its authoritarian rule were challenged by an increasing demand for political liberation. Third, the ideological basis of the state was weakened by the down-turn of the economy and the conflict among cultural identities. At this juncture, both of Singapore and Taiwan saw increasing interests in 'searching the national past' - a discourse which used to be seen as having some double-edged effects in their context.

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[7] For a detailed discussion see Seah, C., 1984

The political and cultural motivations behind the search for historic heritage were very different. In Singapore, this process was mainly encouraged by the state as one part of a larger nationalist project. It attempted to convert the attention on historical heritage into a patriotic duty. In Taiwan, this process began in a cultural movement which aspired to an alternative nationhood, and then was encouraged by a political movement which attempted to break the existing power structure. It seems that for both countries, economic achievement along is a necessary but not sufficient condition for the attainment of national consolidation. Thus, a common identity needs to be rebuilt on other grounds. However, there must be a meaningful relationship between these changes and not just a historical coincidence. The differences of motivations behind the scene also need to be explored and explained.

The historical built environment is among the most important evidence of history. Thus, in the search for national memory, the call for the preservation of the historical built environment is an outcome that one can anticipate. Singapore and Taiwan both have witnessed a re-orientation of urban redevelopment policy in their capital cities since the mid-1980s. The modernist thinking of urban development promoted in the previous period has been to some extent modified. The historical built environment has assumed to play a constitutive part in the process of urban transformation. This policy seems to symbolise a start of a new era in which an alternative paradigm of urban redevelopment can be based on 're-invention' and 're-valuation' of the past. Intriguingly, in Singapore - a place where land is relatively scarce - this policy has covered a total of 5,200 shop-houses, with 1,900 of them were located in the central area. It is estimated that more than 100 hectares or 6 per cent of the land in the central area has been hold for conservation. In Taipei, the scope of this policy is smaller. It has covered a land area of 12 hectares where remained a total of 297 shophouses. It may be argued that economic growth has made it affordable for the government to use valuable land in the central area of the capital city for conservation. Yet one should be aware that although the economies in Singapore and Taiwan have been faced with some difficulties, there have been no signs suggesting that the pro-growth regimes are to be changed. Hence, one can reasonably expect a dilemma which concerns the apparent contradiction between the use of land resource to foster economic growth and the necessity to preserve physical structure for political and symbolic purposes. The underlying logic of the formulation of a conserva-

tion-based redevelopment policy is very complicated, and offers an intriguing illustration of the interplay of forces of political power, economic interest and cultural identity.

More interestingly, this alternative paradigm does not only encounter the reclaim of the historical built environment once is neglected, but a legacy of the entire economic, social and symbolic systems that are designed for pursing growth and development. The implementation of this policy has produced very different outcomes in two cities. In Singapore, although a range of social actors has displayed various interests, the planning process has been technocrat-rational in which professional expertise in a bureaucratic system has initiated decisions and influenced the general direction of the policy. It has turned urban conservation into a useful field of investment, and has transformed the historic district into an enclave for small offices seeking location near the downtown core. In Taipei, this process has involved not only the effort of the planning authority to promote urban conservation, but also consistent challenges made by the local community to the designation of their neighbourhood as a 'historical district'. Much of the planning process has been directed not towards the achievement of policy goals but towards negotiation of compromise or the resolution of conflicts between organisations and among interests groups. The conflict cannot be reconciled for fifteen years since its beginning. The inefficiency of policy has caused frustration among officials, politicians and the public. The differences of policy outcomes in the two countries need to be carefully examined and explained in more subtle ways.

There exist two groups of literature focusing respectively on the political economy and national identity in the Asian newly industrialised countries. The first group of work concentrates on economic achievement and authoritarian control of these countries. In the search for one single explanation of the economic success of the 'Four Little-Dragons' in Asia, the differences between these countries are dismissed. The second group of work addresses the importance of cultural symbolism in the nation-building process. Their explanations tend to be over-simplistic as the political and economic determinants are ignored. Our understanding of the ways in which developmentalist and nationalist discourses operate together in the Asian context is very limited. Most of these scholarly works only deal with single aspect of the nation-building process, rather than tacking the mutual relationship between economic development, national identity and

political stability in its entirety. Thus, exploring such complicated relationships is the goal of the larger project on which this thesis is based.

The historical built environment has been frequently discussed by geographers interested in debates surrounding national identity. They address the role of historical heritage in the reinforcement of linguistic, ethnic and racial elements in the construction of a national identity. In most attempt to interpret the form, the places have been reduced to purely cultural symbols, detached from social and economic forces that help to produce them. The separation of material and symbolic domains results in a considerable void in our understanding of historical preservation, particularly in the urban context of a fast-growing region. In recent years the significance of urban conservation in the transformation of many Western cities has been a subject of urban studies. Urban conservation is seen as a useful field of investment for the tourist industry or a means of self-expression for the new middle class. Both of them are closely associated to the de-industrialisation process and the growth of the service economy. There is very little documentation of this subject for cities in the Asian newly industrialised countries. Many concepts developed in this group of literature are bound to the Western experience and are inadequate to apply directly to another context in time and space. Hence, to understand the phenomena that have been addressed above, one needs first to produce contextualised interpretations rather than accepting any existing explanations.

1.2 Research Question

This research is an attempt at exploring the interplay of economic interest, political power and national identity in the transformation of Singapore and Taipei in the post-1980 era through analysing policies and consequences of the 're-invention' and 're-investment' in historical centres in both cities. In doing so, I address myself to three sets of questions. The first set of questions is concerned with the structural setting in which political, economic, and cultural mechanisms interacted with each other in the nation-building process: How did the developmentalist and nationalist discourses operate in the nation-building process? What kind of strategies were formulated by the state to make the economy successful in the trend of global capitalism? How did the state organised local society in order to get its goals accomplished? How was the nation-statehood con-

structed and what kind of official ideology was promoted in their particular historical circumstances? The second set of questions is concerned with the institutional setting in which urban policy, planning regime, property market and cultural practice joined together to create specific conditions which made a conservation-based redevelopment policy a possible proposition: How did the alliance of state intervention and economic development negotiate through urban policy and spatial development? Why did the historical preservation movement emerge when it did and to what extent its appearance had any relation to the current nationalist discourse? How did the state solve the dilemma involving the contradiction between the use of land resource to foster economic growth and the necessity to preserve the historical built environment for political and symbolic purposes? The third set of questions is concerned with the particular spatial and social settings in which the conservation-based redevelopment policy was in force: What kind of role and function did the historical centre play in the overall urban development? How did the changes in historical and spatial circumstances give rise to the conservation-based redevelopment policy? How was the conservation-based redevelopment policy formulated and implemented? How did this policy change the social and economic characters of the historical centre? What role did the state, interest groups and the local community play in the planning process? How was the planning process shaped by specific political mobilisations and conflicts?

1.3 Research Strategy and Data Base

There is no single body of theory and no one paradigm can be expected to provide all the answers to the questions I have posed. Therefore I have to borrow concepts from different intellectual traditions, including literature on the nation-state and the construction of national identity; peripheral development and the capitalist developmental state; the role of the state in capitalist space economy; and the state, society and the process of policy-making, for my analysis. This approach should not be confused with a test of any of the general perspectives. It aims to bring together a wider range of perspectives that can contribute to the interpretation of my observations.

I adopt a historical and contextual approach to the analysis, as a result of the belief that social events are situated in specific time-space settings. They are determined by the development in the previous stage, and themselves also provide for the emergence of

new outcomes. To understand the causes and the changes, one needs to observe social events in the context of a longer time span. I analyse the structural setting in which the complicated relationship between the state, society and the economy is constructed. This can help fully to grasp the wider political and economic context in which state policies are formulated and implemented. I also analyse the logic of urban planning, the planning regime, the property market and cultural practice. The institutional setting of urban development is produced by the operation of forces in a particular context, yet its internal dynamic is also crucial for bringing changes. However, although the above analysis can help to identity a set of causal relations and the influences that they produced, it would be wrong to assume that the planning process is the necessary outcome of forces conditioned in the structural and institutional settings. Although the state always makes efforts to achieve its policy objectives, the implementation of a state policy is more complex and subtle, showing evidence of both compliance and resistance, accommodation and conflicts. One should be aware that individual agents' decisions also have consequences on policy implementation. Individual agents make their decisions depending on a subjective definition of the situation. The interpretation of people's experience allows one to reduce the risk of taking the structural constraints for granted. However, the interpretation also must be balanced by an understanding of the contextual features that structure individual experiences.

This research was conducted by the following methods. The first one was a documentary research. It was based on secondary data and written sources, including existing literature, official documents, statistics, newspapers, government archives and civil organisations' bulletins and internal documents. Information was cross-checked and verified from different sources until they could be accurately reconstructed. The second one was field survey. This aimed to reconstruct the events on the basis of primary data and to directly observe social phenomena in their natural setting. The case-study areas selected for this research were the Chinatown Historic District in Singapore and the Dadowchang Special Zoning in Taipei. Three different kinds of surveys were conducted during my field work in January~March and July~October in 1995. First, I carried out a land and building survey in two case-study areas covering a total of 1,408 shophouses. This survey focused on the progress of building restoration, property values and land use. Second, I conducted a questionnaire survey in specific areas targeting a total of 529

private owners, tenants and property developers. The main purpose of this survey was to collect information about land ownership, restoration costs, land values and property prices since the data of the property market at neighbourhood scale was extremely limited. Moreover, I conducted in-depth interviews with a total of 36 key informants. I selected these key informants on the basis of an extensive knowledge obtained from written materials, observations, and also from a small number of introductory interviews with people who have had an overview of the situation. The list of interviews included all significant actors in the planning process: representatives from planning authorities, politicians, members of civil organisations, and opinion leaders from the local communities. My interviews were loosely structured, making it possible to cover key areas without preventing respondents from introducing new information that may be unique to them or their situation. In viewing of the fact that most people tended not to show their personal opinions towards contentious issues, I often debated with interviewees at the end of interviews in order to obtain their true opinions. I also conducted four group interviews with members of civil organisations which have been influential in the planning process. The purpose was to include a variety of opinions for cross-checking the information obtained from individual interviewees. Each interview lasted between one and two hours. The information was recorded in tapes or on written notes. At the end, all information from interviewees were re-examined with data from other sources.

The analysis of data unfolds in a series of logical stages and bases on different sources of information. It begins with a historical analysis of the nation-building process in Singapore and Taiwan, using information from a combination of different kinds of written sources and documents. The analysis then proceeds to examine the institutional context for capturing the characteristics of urban policy and the planning regime in both countries. Three kinds of data are the best sources available for the inquiries: official documents provided by the authorities; information gathered from press clippings; and the statistical yearbooks published by the governments and other institutions. In this part of the analysis, the data compiled from the statistics are disaggregated in order to capture dimensions of interest to the analysis. The analysis then focuses on major trends in the planning regime and the property market in the post-1980s era, attempting to find out the reasons that initiate the change in urban redevelopment policy in Singapore and Taipei. As the previous analysis already indicates several directions for this part of the

study, the statistics used here are more specific. In other words, only information that will yield the most comprehensive explanations are selected.

The analysis moves to the policy-formulation process, linking the evolution of the conservation movement to the origin of the conservation-based redevelopment policy. This part of the study relies heavily on the combination of written sources and quotations of interviews. The interview data are crucial for analysing the decision-making process because informants' ideological position, behaviour and attitude can be best measured in their natural setting. However, special attention needs to be paid to the conversion of a taped-speech into a written text. The conversion is not only about transformation from oral and often colloquial speech to written text, but is also related to the transformation from local languages to English. The sentences in the interviewees' speech have to be carefully reconstructed in order not to lose their original meaning. In a few cases, the interviewees did not give permission to record the interviews. Their speech can only be reconstructed from my written notes. Hence, the quotations from interviews are only the closest possible approximation of what were actually said by interviewees. I have made maximum effort to conserve the meaning of speech, although some modification and reproduction are unavoidable.

To understand the social and economic context of the case-study area and the role it plays in the development process of the city, there follows a historical and spatial analysis of the locality. The analysis emphasises the historical development of the locality in relation to the city as a whole. It is heavily based on archives and existing literature. The statistical data generated from government archives, together with computer files provided by other organisations, are used to measure the changes in property development, land use and land values, at city, district and neighbourhood scale. This analysis is followed by a subsequent study of the transformation of historic areas after the planning process. It mainly relies on primary data collected by field survey. The data on the progress of restoration, public and private investment in conservation, the use of shophouses after restoration, monthly rent and the selling prices of shophouses, are used for measuring the impact of the policy. Moreover, information obtained from in-depth interviews provides another important basis for the analysis of the role that different social agents have played in policy implementation.

1.4 Organisation of the Thesis

This thesis contains seven chapters. This brief introductory chapter presents the research questions and research design of the thesis. Chapter two sets out the principal concepts of the study and places them within the context of current debates in the literature. Chapter three is a historical analysis of the nation-building process in Singapore and Taiwan from economic, social and cultural aspects. The purpose is to provide a perspective of the major transformation of the nation-building process in the post-1980 era, and to pave the way for the analysis of the conservation movement and the urban redevelopment policy developed later. I first discussed the role of the state in the development of the national economy and the development strategies used to create competitive advantage in the trend of global capitalism. The conflict and alliance between the state, foreign capital and local enterprises, as a result of the nature of the political economy, are also examined. I then make effort to explain the social and cultural context in which the state obtained relative autonomy to accomplish its developmental goals. In doing so, I explore the power consolidation process initiated by the state, and the means used to manage its relationship with political dissidents, the local power elite, ethnic groups, trade unions and other social forces in society. I also focus on major issues of political and cultural identities in both countries, unfolding the public agenda for the construction of a nation-statehood.

Chapter four examines how the alliance of state intervention and economic growth negotiated through urban policy and spatial development. The main aims are first, to explore the mutual relationship between construction investment, urban policy and planning regime; second, to shed light on the very conditions that enabled an alternative paradigm of urban redevelopment to emerge in the post-1980 era and third, to provide grounds for the explanation of the consequences of the planning process discussed in the later chapter. I first examine the cyclical development of construction investment in the economic context and the role that urban policy played in initiating this development. The relationship between the state and the market in spatial development is also analysed. I provide a historical perspective accounting for the development of the planning regimes in both countries, with particular attention paid to the agendas regarding urban redevelopment in Singapore and Taipei. In the final part of this chapter, I focus

on the nature of urban planning and the property market in the post-1980 era, explaining how the underlying logic of spatial development could make the conservation-based redevelopment policy a practical proposition at this stage.

Chapter five focus on the re-orientation of urban redevelopment policy in Singapore and Taipei in the post-1980 era. The major purposes are first, to explain the origin of the conservation movement in the late 1970s and its influence on the transformation of urban policy. Second, to unfold the interplay of economic interest, political power and cultural force in the formulation of the conservation-based redevelopment policy. In doing so, I first analyse, from both structural and historical perspectives, the role of historical heritage in the nation-building process. I then discuss the underlying political, social, and cultural motivations that gave rise to the conservation movement. I also give a detailed analysis of the formulation of conservation-based redevelopment policy in the mid-1980s. Particular attention is paid to the varied interests emerging during the policy-making process, and also the state's responses to the pressure brought by conflicting interests.

Chapter six reveals the impact of the conservation-based redevelopment policy and does so through an examination of the transformation of historical urban centres in Singapore and Taipei. The purpose is to arrive at an understanding of the actual practice of the policy and a series of external forces that determine the outcome of the policy. I start with an examination of the historic development of two case-study areas - the Chinatown Historic District in Singapore and the Dadowchang Special Zoning in Taipei. I analyse the development of the physical environment and the local economy in these two historic centres. The changes in land use and property values of both areas are carefully examined, in order to understand their market position in the process of urban spatial development. To discover to what extent the development of localities have been transformed by the policy, I study the progress of restoration and the changes in property values and land use. This aims to be a straightforward empirical description involving a vast amount of evidence. I also identify the active agents involved in the planning process, including environmental groups, land-based interest groups, local community, and analyse the political, economic and cultural interests of each party. At the end, I also explain the formulation of these interests and their contribution to influencing the policy directions.

CHAPTER TWO
THEORETICAL FRAMEWORK

This research attempts to explore the interplay of economic interest, political power and national identity in the transformation of Singapore and Taipei in the 1980s through examining the planning process involving the 're-invention' and 're-investment' of the historical centres of both cities. My objective in this chapter is to develop a theoretical framework required for understanding this process. The complexity of my research questions, as demonstrated in the introductory chapter, means that one cannot reach a satisfactory approach without combining different aspects from various sources of theories. Thus I travel through four distinct bodies of literature covering discussion of the nation-state and the construction of national identity; peripheral development and the capitalist developmental state; the interaction among the state, capital and the production of the built environment; and the political process of policy-making in relation to the state and society. The purpose is to try to answer the research questions I posed from different aspects, and by discussing them subsequently, will piece together a broad theoretical framework for the analysis.

2.1 Nation Formation: Civil-Territorial or Cultural-Symbolic?

The concept of nation is a modern creation first appeared in the late eighteenth century in Europe.[1] The origins of nation and nationalism have been frequently debated.[2] The creation of modern nation as a new form of political and cultural community, can be attributed to the search for a new form of group symbolism, as a replacement of traditional forms of ritualised collectivity (Hobsbawn and Ranger, 1983); the revolution in the regional division of labour and the control of administration, as an inevitable consequence of industrialisation and modernisation (Genller, 1983); and the development of mass education systems, printing technology and standard mode of communication

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[1] For discussion on historical development of the nation see Armstrong, 1982; Gellner, 1983; Hroch, 1985; Smith, 1986, 1991; Seton-Watson, 1977; Greenfield, 1992; Tilly, 1975; Hobsbawm and Ranger, 1983; Hobsbawn, 1989, 1990; Balakrishnan, 1996.

[2] The formation of the nation owes much to an 'ideology' to 'invent' the nation which does not exist. Nationalism is a territorially-based form of ideology and politics linking historically and culturally defined 'nationalist sentiment' to 'political statehood'. Discussion on nationalism see Gellner, 1983; Hutchison, 1994; Woolf, 1991; Kohn, 1944, 1965; Smith, 1979; Carlton, 1960; Boyd, 1972

(Anderson, 1983). However, at the time of the French Revolution, the primary meaning of nation was political rather than ideological. It equalled the people and the state. A nation was conceived as a union of individuals governed by one law and represented by the same law-giving assembly (Kedourie, 1960, p.5). There was no logical connection between the body of citizens and the identification of a nation on ethnic and linguistic characteristics. The essential foundation of the new nation was a matter not of identity, but of political principle and collective citizenry.[3]

However, since the Revolution, the concept of nation was gradually reshaped due to the internal struggle and the wars with other nations. The 1795 French Constitution claimed that the legitimate form of nation was on the basis of 'popular sovereignty'. It meant that a public vote of the people was enough for its independence and sovereignty to be recognised (Woolf, 1996, p.10). To divide its enemy states, the French state tended to convince particular regions with strong identities that any group of individuals who imaging they belong to the same community should have the right to ask for independence. The essentialist conception of nation was firstly justified because for 'the people' to secure a claim to power, they had to be defined. The late eighteenth century witnessed a rapid development in understanding the laws of nature. It at the same time stimulated the enquiry of human species in science and history. There was an explosion of interests in the evolution of human race and their linguistic and cultural diversity. The definition and classification of race were investigated and legitimised by scientific laws. In many regions, the revolution in ethnic consciousness and the demand for legitimate political expression of ethnic identity crystallised into a desire to create a state on the basis of ethnic ties. However, it was with the unification of Italy in 1870 and Germany in 1871, the search for and justification of the ethnic and linguistic roots of nation became intensified. The German intellectuals sought to define their sense of nation independently of the dominant French value of the Enlightenment and the Revolution by arguing that a nation was the fundamental unit of 'humanity' defined by language, religion, custom and tradition and race. Its survival was dependent on its ability to control its own affairs. Under this influence, the concept of nation became closely associated with ethnic, religious, linguistic and cultural identities (Hobsbawm, 1990, pp. 102-30).

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[3] See Renan, E., 1939 (reprinted in H. Bhabha, 1990)

Historically, the formation of nation can be divided into two routes, depending on the sovereignty of the state and the foundation of national identity. The first route is the 'territorial and civil' model of nation-formation. The territorial and civil nation relies on a governed territory and membership in a common political culture for its self-definition. The sense of national unity is mainly generated by social and political participation, namely, by the practice of citizenship rights.[4] There are three different forms of citizenship rights: civil rights, political rights and social rights, being developed in different degree and at different time in history (Marshall, 1973, pp. 65-122).[5] The practice of citizenship rights can engineer a sense of belonging and facilitate political and social integration. However, it seems that the nation-state guarantees citizenship rights but in very different degrees and combinations, depending on the historical circumstances. For instance, social rights are emphasised and perform a key integrative function while the political regimes want to prevent the extension and realisation of civil and political rights (Barbalet, 1988, p.91; Giddens, 1985, pp. 203-5). A mixture of citizenship rights thus can always be found as a result of different regime strategies (Mann, 1988, pp. 188-209).

The second route is the 'ethnic and genealogical' model of nation-formation, which bases on the transformation of pre-existing ethnie and ethnic ties into ethno-nations. A nation is generally created through vernacular mobilisation which seeks to bond together those who deemed to have common ethnic origin, language, culture and historical past. This process produces an 'organic and mythical concept' of nation, emphasising on common ancestry and genealogical myth (Kohn, 1967). In practice, the ethno-nation generally represents the consolidation of a dominant ethnic core and ruling class over subordinate ethics and classes. This does not imply that members of a nation are not bound by common duties or do not have uniform citizenship rights. The major difference is that the unity of the people is not cemented by the idea of common citizenship and political symbols, but mainly by national myths of origins (Smith, 1986, pp. 101-2; 1991, p.83).

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[4] See Oommen, 1997; Turner, 1993; Hall, 1995; Steenbergen, 1994; Vegal, 1991.

[5] Civil rights refer to the rights of the individual; the freedom of speech and faith; the right to own property; the right to conclude valid contracts and to justice. Political rights mean the right to participate in the exercise of political power as a member of a body. Social rights refers the right to economic welfare and security; to share in the social heritage; and to have an acceptable standard of living. See Marshall, 1973

Although the debate on the definition and the origin of nation continues, a view shared by most of the scholarly work is that a nation is a territorially bounded unit of population which forms a political and cultural community with common symbols, legal rights and duties for all members. The creation of a nation may follow a civil-territorial or an ethnic model, or a mixture of both, depending on the circumstances at particular time in its history. Yet after a nation is formed, it always combines civil-instrumental and cultural-symbolic means in varied degrees (Breton, 1984, 1988). The territorial and civil nation requires shared meanings and values to bond all members to society and to tell them their rights and duties (Bellah, 1967; Coleman, 1974). The so-called 'civil religion', composing of a set of belief, rites and symbols, is seen as a 'purely civil confession of faith without which a man can not be a good citizen or a faithful subject' (Rousseau, 1963, p.114). These meanings and values have to be communicated by common language and culture through an education system. If there are no common culture and language existing in the political community to reinforce and reproduce the collective sense of identity of its citizens, they would have to be created (Johnston, Knight and Kofman, 1988, p.8). Under certain circumstances, the nation-state does not permit its citizens fully to practice their citizenship rights, or even the practice of citizenship rights may not be enough to generate a sense of unity. The alternative way of securing national solidarity is through discovering and revitalising of ethnic ties and sentiments. If there is no common ethnic experience to serve the required purpose, it will have to be invented. This is generally achieved by creating 'spiritual kinship' or 'ideological descents' from similar values and ideals in the past (Smith, 1986, p.134, 147).

A nationalist discourse or any collective discourse is constantly insecure and does not always have a vision of integrity (Handler, 1988). As the nation-state seeks to promote one single identity within the bounds of its territory, it could at the same time marginalise those who refuse to be assimilated or eliminated (Penrose, 1993, pp. 27-47). The self-construction of nation can stimulate separatism or territorial disintegration while those who are marginalised seek to promote an alternative construction of the nation in an effort to change their inferior position.[6] Just as nationalist discourse is a potent force for territorial integration, as in the formation of the nation-state, it can provide a source of

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[6] See Anderson, 1985, Johnsonm 1982; Williams and Kofman, 1989; Johnson, knight and Kofman, 1988.

collective identity opposed to that of the dominant group and offer a rational for some alternatives of political and territorial organisation (Johnson, 1994, p.54).[7]

2.2 Inventing Places: History, Symbol and Identity

As the preliminary remarks suggest, nation is not a natural entity but largely an ideological construction of people and place. Nation is not only something that is invented by nationalists, but is something that is felt or imaged by its citizens. This embodies political and cultural projects and the means for putting these projects into practice. All nation-states want to promote a single identity that bounds its territory. To achieve this, the nation-state has been deliberately engaged in ideological engineering, aiming to generate a personal and cultural feeling of belonging to a nation among its citizens. In the name of social collectivity, heavily centralised versions of culture, history and geography have been imposed on citizens through the mass media, education system and administrative regulations (Gellner, 1983, p.169; Anderson, 1989, p.36). The process has been described by various scholars as 'the production of national myth' (Citron, 1991); 'the invention of tradition' (Hobsbawn and Ranger, 1983) or 'the fictional ethnicity' (Balibar, 1990). In order to pursue this argument, we need to turn to the discussion of national identity.

The pursuit of national identity by the nation-state involves endless re-interpretation, rediscovery and reconstruction of the 'national past' (Wright, 1985; Taylor, 1988). Every nation edits its own past: a narrative composed of not only the origin, birth, beginning and ancestry of nation but also of its liberation, decline and rebirth. The biography is selectively reconstructed on the basis of traditional myths, memories, values and symbols taken from epics, chronicles, documents or material artefacts of the period, and then shared by people who have never seen or heard of one another, yet who regard themselves as having a common history (Diaz-Andreu and Champion, 1996, p.4; Wilk, 1985, pp. 307-26).

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[7] For instance, one part of a nation-state can claim a separate nationhood and the right to a separate territory, such as the Welsh and the Scottish in the United Kingdom, and the Catalans in Spain. One ethnic group which is currently split up can claim to its own states, such as the Kurds in Iraq, Iran and Turkey. People living in one state may assert that they and their territory should be part of another state, such as the Nationalist in Northern Ireland.

This is an unique process not only in what the nation chooses to remember, but in what it feels forced to forget (Lowenthal, 1994, p.50). Some nations emphasis on the continuity of linguistic and cultural roots for their construction and existence. They claim themselves to be rooted in the remotest antiquity and insist on the continuity of their history. These so-called 'memory nations', attempt to make people believe their community has existed for many centuries; thus nationalism has its roots in the past (England, 1992, pp. 299-320). However, history is not always a matter for congratulation, but is also comprised of shameful episodes and tragedies. Some nations want to emphasise themselves as standing at the starting point of a new era. They launch massive efforts to break with the past and to construct as great a distance as possible between the old and the new eras. The solution often lies in altering their names or changing their time consciousness by declaring the year of independence as the time of their birth (Lowenthal, 1985, pp. 105-13; Zerubavel, 1981, pp. 82-96). In this view, people are bound together as much as by 'forgetting' as by 'remembering', a process that is described as 'collective amnesia' (Anderson, 1989). However, it seems that the 'national past' is not a given, but forever re-invented to answer the present needs and aspirations. The connection between present and past is a source of power, the power to offer legitimacy.

A nation needs proud icons to give a visible unique aspect of the state. The visible symbols of national identity are not only comprised of holy flames, flags and material relics, but above all monuments and landscape. It is argued that a nation is not simply located in space, but often finds its unifying symbols and criteria of 'belonging' in the particular landscape of its territory (Anderson, 1988, p.18).[8] For instance, almost every nation praises its special landscape features in its national anthem. The Americans have sought to promote certain type of landscape images, such as the 'Great Desert' or the 'Wild West'. The English have often found their unique identity in the 'English Rural Landscape'. Landscape images, often reproduced and interpreted by a cultural elite in their paintings and texts, are archetypal icons valued by the nation (Lowenthal, 1994, pp. 15-21). Recent writings have suggested that public monument is another means of the

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[8] A great number of studies have been carried out in England (Daniels, 1993; Matless, 1990; Colls and Dodd, 1986); Wales (Gruffudd, 1995); Ireland (Nash, 1993b); Canada and the United States (Holdworth, 1986, Zelinsky, 1986, 1988); Europe (Lowenthal, 1975, 1994); Japan (Takeuchi, 1994) and Indonesia (Ragaz, 1994).

self-expression of a nation and its dominant political power. The mass production of public monuments in capital cities such as Moscow, Berlin and Rome by the totalitarian regimes, has been an important source for understanding the emergence and articulation of a nationalist political discourse (Hall, 1988, pp. 175-202). To demonstrate the value of the political regime and national pride, public monuments have often been built in a setting which allows them to be seen from a vast distance. Furthermore, public monuments have been the centre for practising a powerful 'ritual complex': festival pavilions, display of flags and gun-salutes. Public monuments have been normally located in superficial space where collective participation in public festivals, meetings and ceremonies can take place. Through collectively participating in rites and ceremonies, the people can come to feel a sense of national pride. In this view, public monuments and superficial space have combined to create a sacred place for 'national worship', a place the mass become 'nationalised' (Mosse, 1975, p.7; p.50).

A nation also needs visible icons to remind people their common heritage and to anchor national myths in shaping national identity. The ideological function of landscape is significant. Even in the modern time, places are named to remember ancient tribes and deeds, or perform as sites of shrines, reminding people of memorable events, such as battles, the birth a saint, or the death of a local hero. These places are 'maps of meaning', forming the visual foundation for national myths (Clark, 1976; Jackson, 1989). The development of archaeology has been closely linked with national myths.[9] The material relics discovered by archaeologists then displayed in museums can provide the visible evidence for the national past (Mangi, 1988). The appearance of the nation-state since the late nineteenth century created the notion of 'national antiquities', stimulated the establishment of museum institutions, and turned the study of antiquities into a scientific discipline. From that time onwards, many nation-states have administered the studying, teaching and research of archaeology with a very clear aim of restoring the original documents and to create national history. However, while archaeologists look to justify the ethnic, racial, linguistic, religious or cultural roots of their nation, the emphasis of archaeology depends on specific symbols adopted as the basis for the definition of the nation. Some nations pay particular attention to race and ethnie. Archaeology thus has

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[9] General discussion see Holl, 1990; Veit, 1988; Arnold, 1990; Kristiansen, 1992; Diaz-Andrru and Champion, 1996.

been used as a means of finding ancient human remains to justify the presence of a particular race in a territory. Other nations might emphasise history and culture. The material relics discovered by archaeologists thus have been used mostly to demonstrate the continuity of traditions or languages.

The historical built environment is both an important evidence of history and a visible icon for a nation. It provides the ground for a nation to relate ancient customs, tradition, culture and civil conditions to its present nationalist discourse. The power of the historical built environment in the nation-building process has been best illustrated by the post-war reconstruction of some Polish and German cities (Diefendorf, 1990). It is argued that in these cities, the maintenance, restoration and recycling of buildings and townscape are results of the anxious call for national memory. However, not all of the historical built environment is to be preserved. As mentioned before, the 'past', that the historical built environment represents, has to be carefully selected to fulfil the nation's current purpose. Historic preservation thus has been greatly manipulated by the nation-state. In most of the cases, the nation-state tends to enhance its own monuments but plays down or destroys those with opposing values.[10]

The above discussion suggests that every nation-state intends to create one single identity out of individual differences, class cleavage and cultural diversity which are the reality of most national population. However, it is misleading to think that popular consciousness would be easily manipulated to suit the needs of the nation-state, readily absorbing concepts like nationalism and patriotism. In most of the circumstances, people's identity is variable, overlapping and situational (Young, 1976, p.65). It can be combined with nationalist sentiment, or be in conflict with it in varied ways. Hence, it is important to consider the self-understanding of the people in a meaningful interpretation of history and symbols. The process by which national identity become constructed and reproduced through history and symbols is complexly negotiated, and involves not just the efforts of the ruling elite to secure ideological control. Historical and spatial icons are also the 'field' in which people's collective identity is constructed and communicated (Winbery, 1983; Johnson, 1995). They could constitute a radical and subversive entity, defining people's sense of culture alienation. From this view, they are particularly crucial for ethnic and other groups whose autonomy is limited and who want to resist the official

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[10] See Millward, 1984; Brunn and Williams, 1983; Kalman, 1982; Tunbridge, 1984.

definition of the nation that has excluded and marginalised them. A struggle over the interpretation of historical and spatial icons ultimately becomes a struggle over political power (Duncan, 1993, p.247).

2.3 Nation-State or 'State without Nation'?

The formation of nations in Asia has been conditioned by this region's conflicting nature of geo-political politics (Antlov and Tonneson, 1995, p.12). Nations such as China, Japan and Thailand were formally sovereign and independent. The emergence of nationalism in these countries in the early twentieth century was a result of the resistance to the spread of Western imperialism (Dates, 1985; Grabowsku, 1995; Duara, 1990). They became modern nation-states through cultural self-determination and transformation of the previous political system. This process needs both the inclusion of significant ethnic minorities and the modernisation of the bureaucratic state (Ali, 1993, pp. 3-21). However, most countries in Asia were formally colonised by the great imperial powers.[11] The nation-building process is more complicated than is assumed in the conventional routes of nation-formation.

First of all, the boundaries of these colonies were decided by the diplomatic relations between the great powers (Anderson, 1991, pp. 178-85). They were thus arbitrary creations and made no reference to the political and ethnic conditions of local societies: the existence of many social groups with highly diverse ethnic origins, religions and languages, as a product of formal patterns of migration and settlement (Hodder, 1992, p.28). Hence, many different ethnic cultures were forced to be governed by one single administration, or one ethnic culture was forcefully split by territorial boundaries. The colonial regimes might have prevented the surface of ethnic conflicts through their skilful administration or repression. Yet they could not eliminate the pre-existing regional difference within their territories.

Many ex-colonies sought to eject foreign rule and substitute a new state for the old colonial territory after the Second World War. During their independent movements, nationalist sentiment played an important part in mobilising social movements and in

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[11] The British established a general control over the Malayan Peninsula and the northern coast of Borneo. The East Indian archipelago was occupied by the Dutch. The French dominated the mainland Southeast Asia. The Spanish and the Americans controlled the Philippines.

stimulating the transition to independent statehood. In much the same way, the concept of 'self-determination', which served to inspire mainstream nationalism, stimulated sub-national sentiments among ethnic groups. The ideological, regional and ethnic conflicts began to unleash (Leifer, 1971, pp. 11-50). After independence, a new nation was created within the territorial form established by colonialism, and thus was obliged to take difficult political situations as given. With only a few exceptions, the nation-state was faced a monumental task in creating a nation from among the many diverse elements of its plural society (Yadav, 1986; Bahadur, 1986). Those who seized power came to realise that any interpretation of origins that had concrete reference to the past was likely to stimulate as much as tensions as harmony because of the diversity of cultural differences involved. The move towards a national unity could intensify group tensions with society and lead to so-called 'nationalism within nationalisms' (Geertz, 1973, pp. 237-45). Hence, once formal independence was achieved by nationalist movement, it is not clear how far these earlier expressions of nationalistic sentiments have survived to become the basis of state-formation (Tarlor, 1976; Prasad, 1976; Weidemann, 1991).

The reality of 'state without nation' made it inevitable that the political elite in these post-colonial states looked for alternative models of national integration (Bhambhri, 1986; Case, 1995; Pabottingi, 1995). The concept of nation adopted by the ruling elite was basically civic and territorial, aiming to bring together disparate ethnic populations into a unified political community. National identity was rarely constructed on a single, clearly bounded culture group to which all citizens claim membership. Some nations adopted a dominant-ethnie model, in which the new national identity was built on the basis of the culture of the core ethnic community. Others sought to create a supra-ethnic political culture for the new political community. This model contained a number of equally small ethnic communities and there was no dominant ethnie (Smith, 1991, pp. 110-16).

However, for many countries, the more practical way to achieve internal solidarity was to establish a viable and integrated political order in its territory and society, rather than waiting on the attainment of national identity. The process of state-building was perceived as the primary instrument of nation-building. They became so-called 'state-nations', heavily relying on a strongly developed administrative apparatus to achieve political integration (Giddens, 1985, p.272). The development of a centralised bureau-

cracy often led to de facto one-party, one-leader state - a central and hierarchical authority with power concentrated in the hand of its 'benevolent dictator'. The state often became obsessed with exaggerating the threats to national existence, whether real or imaging, in order to justify their internal control (Christie, 1996, p.23). Moreover, there was always a temptation for one state to adopt an aggressive foreign policy and to make short-term internal political gains by exploiting the ethnic difficulties of a neighbouring state (Morrison and Suhrke, 1978; Leiferi, 1983). The political regimes in these countries thus devoted great efforts to develop military capacity while seeking to neutralise the effects of such action of others. This reflected and reinforced the general atmosphere of insecurity across the entire geographical region. The turbulent nature of the regional politics in turn justified the use of organised violence or strict political control by the repressive state.

2.4 Developmentalism and the Construction of Statehood

For many of the post-colonial states, one of the major obstacles to political integration in the beginning was the stagnation of the economy (Mortimer, 1973; Nartsupha, 1978; Arief and Sasona, 1980). It is widely recognised that material deprivation and appalling human conditions can easily give rise to a rejection of the political regime and to attempt at its overthrow. Thus, the common problem for the ruling elite in these countries was how, within a limited space and time, to engender popular support of citizens who were not only diverse in identity but also frustrated in terms of material expectation. For some post-colonial states, the urge towards economic development was a logical consequence of national impetus. In order to pursue this argument, we need to turn to the issue of peripheral development, which is equally important for the post-colonial states but is rarely been systematically discussed by scholars engaged in debate on nation-building.

2.4.1 The Enquiry of Peripheral Development in the Global Economy

In the view of many Latin American scholars and neo-Marxist writers on imperialism, economic development in developing countries did not arrive as assumed in the writing of neo-classical economists. Many developing countries in Latin America suffered from the decline in primary export prices and worsening balance of payment crisis, followed by

war-time disruption and continuing shortages of manufacturing imports. These problems were seen to be caused by the unequal trade relations between the industrialised and the developing countries in the capitalist system (Prebisch, 1950; Baran, 1957; Frank, 1969). The trade pattern created an exchange system by which the advanced capitalist countries could extract raw material from the developing countries and sold them manufacturing goods in return.[12] Accordingly, the developing countries encouraged specialisation in production of agricultural and mineral commodities for export, and heavily relied on income generated from these primary products for capital accumulation. Their incentives for industrial development were undercut by the import of manufacturing goods from the industrialised countries. Their productive apparatuses were mostly controlled by foreign capitals. The expansion of exports required the continued acceptance of the products in the centre. All these created the reliance on core market, capital and technology in the long-run. The expansion of production in the developing countries thus was externally conditioned, depending on the development and expansion of core economies. The trade relations produced exploitation and stagnation rather than growth in the developing countries (Baran, 1957; Frank, 1969; Amin, 1974; Emanual, 1972).

To escape deteriorating trade relations, some developing countries, such as Brazil, Mexico and Argentina, adopted an import-substitution strategy for industrialisation. This meant to replace industrial import with domestic industrial production under tariff protection. The state used policy instruments, such as offering subsidised credit, controlling competing imports, regulating entry to the industrial sector, providing a captive market for domestic products, in order to assist domestic industrialisation. This strategy, usually covered industries which produced non-durable consumer goods, appeared to generate promising results in the initial phase. These countries displayed a relative rapid growth of the manufacturing sector. Yet after the satisfaction of the market demand for these consumer goods, industrial growth began to slow down. The tariff protection inevitably created monopoly rents or scarcity premiums. The domestic capitalists formed 'distribution coalitions' and engaged in lobbying or corruption to capture the rents. As

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[12] It is argued that the real wages and domestic costs of production in the two contexts were different, so were the income elasticity of demand for primary and manufacturing goods. The industrialised countries drew the developing countries into a system of 'unequal exchange', through which economic surplus was extracted from the periphery and kept in the centre in the form of profit and higher wages. See Emmanual, 1969, 1972; Amin, 1976.

the state was captive to these coalitions or exposed to the ravages of rent-seeking activities, its policy instruments became less and less effective (Krueger, 1973; Olson, 1982). Mostly importantly, import substitution still required heavy inputs of foreign machinery, technology and raw material. This led to fiscal deficits in a form of repeated balance of payment crises. Some neo-Marxist economists thus arrived at a conclusion: economic development of the peripheral countries in a world capitalist system was entirely dependent on the industrialised countries. Such a conceptualisation, which became known as the 'dependent theory', suggests that the more dependent they were on the capitalist advanced countries, the less the chances of their survival as independent nations (Baran, 1968; Frank, 1969).

However, there was a growing evidence showing that some developing countries were actually able to breaking the bond of dependence by achieving some degree of industrialisation (Santos, 1969; Evans, 1979; Cardoso, 1979). The dependent nature of the developing countries within the world capitalism needed to be redefined. An alternative conception of the peripheral development appeared in the late 1960s, suggesting that the developing countries could achieve some forms of development by using the dynamic of the increasingly diversified system of the global economy. As an alternative explanation to the dependent theory, the concept of 'dependent development' did not imply this is a phase that all peripheral countries would be able to reach. Dependent development was possible only if there was a strong nation-state carving out space for local capital to play in the global economy. Some empirical evidences indicated that in these countries, the nation-state formed a 'triple alliance' with multinational companies and the local bourgeoisie, and adopted a development strategy of domestic industrialisation which could serve the interests of both parties (Evans, 1979; Gillespie, 1984). The effectiveness of state intervention led these countries into a 'semi-periphery' position in the world system of economy (Wallerstein, 1974). Their development experiences opened a new room for studying of the role the state played in pursuing economic growth. I will discuss this in more detail in the next section.

Although the theories of dependent development and world system addressed the possibility of development in the periphery countries, the opportunity seems to have been conditioned in the structural change of global capitalism. The change in the origin and destination of foreign investment as a result of the increasing globalisation of production

in the 1970s, paved the way for the rapid industrialisation of some developing countries. A growing number of manufacturing firms in the industrial advanced countries found their operation become less profitable. They started to restructure themselves through changing the production techniques, developing new products, or creating new regimes of regulation. Some of them began to look for less-expensive source of labour and more profitable conditions for production overseas. The globalisation of capital markets and the advance of communication technology both enabled manufacturing firms to formulate a new production system through global corporations. Many firms moved to certain developing countries in order to entry the market, or to exploit cheap labour to produce goods for re-export to the home country or to the third market. This led to an integration of different types of labour, who received divergent levels of wages and located in various parts of the world, into corporate organisations operating on a world scale (Frobel et al, 1980; Blueston and Harrison, 1982; Myilas, 1982). In this view, it is the decentralisation of the manufacturing industry by multinational corporations from the core countries makes industrialisation in the peripheral countries possible.

2.4.2 The Capitalist Developmental States in the Asian Context

There have been a number of Asian countries taking advantage of the changes in the global economy to enter into rapid industrialisation process since the 1970s. The economies of Singapore, Hong Kong, Taiwan and South Korea have grown at spectacular double-digit rates. These countries have increased their capacities to meet development objectives, obtain full employment and maintain lower levels of income inequality (Field, 1984, pp. 74-83). Their common experience has challenged the conventional wisdom of dependency theory and has led to a major rethinking of the position of the developing countries in global capitalism.[13] Their success has been associated with the inflow of foreign investment, caused by the relocation of manufacturing firms, particularly those in the textiles, garments and electronics sectors, from the core countries to the peripheral countries (Deyo, 1981, 1987; Gereffi, 1982). All of the four countries have relied on foreign investment in the export-oriented manufacturing sector for obtaining their economic growth (Henderson, 1989; Scott, 1979). The price and quality

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[13] Johnson (1982) and Henderson (1983) on Japan; Amsden (1990) and Luedde-Neurath (1988) on South Korea; Amsden (1985), and Gold (1986) on Taiwan

of labour force in these countries have been considered to be other crucial factors for their development. The presence of vast reserves of cheap and disciplined labour has provided these countries with a major competitive advantage in developing labour-intensive manufacturing industries. The later stage of development has more relied on the availability of educated labour for producing higher value-added goods. These countries have been able to offer highly skilled engineers and technicians at lower wages through social reproduction provided by the state (Heyzer, 1986; Henderson, 1989).

However, it should be noted that there are several pre-conditions for these countries to achieve success. They are ex-colonies which have been able to take advantage of their colonial heritage during their post-war development.[14] Taiwan and South Korea experienced agriculture reform, primary industrialisation and infrastructure development under the Japanese control. They inherited a well-established industrial infrastructure, an effective agricultural extension system, a highly-organised health service and an educated populace. Hong Kong and Singapore were entrepots and naval stations under the British control. As centres for international trade, they both inherited the notion and practice of modern capitalism and benefited from pre-existing networks of trading houses and specialised services. They were also endowed with an elaborate bureaucracy and a well-functioned legal system in the post-war development. The geo-politics in this region also helped to create the ground for industrial development in Taiwan and South Korea. Due to their privileged status - as front-line allies against Communist expansion - in the post-war US security arrangement, Taiwan and South Korea received massive foreign support in forms of financial aid and military presence. Financial aid in particular, relieved the burden of the huge defence budget in both countries, and helped them quickly recover from the devastation caused by the war. Financial aid was the major source of domestic capital formation in their initial stages of development, enabling both countries to grow without the usual balance of payment constraints.[15]

The early remarks already suggest that development in the periphery countries largely depends on whether the nation-state has learned how to use the dynamics of global capitalism for its own development purposes (Evans, 1979, p.33). The growing awareness of the significance of state intervention has encouraged many scholars to explore the

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[14] Amsden, 1979, 1985, 1989; Cumings, 1987; Gold, 1986; Haggard, 1986; Myers and Petries, 1984.
[15] Lim, 1982; Amsden, 1979, 1985; Riedel, 1988; Wade, 1990; Haggard, 1988; Little, 1979.

nature of the state in the Asian context. They have found that Japan's development experience could offer an interesting illustration. The feature of the Japanese state has been the prototype of the 'capitalist developmental state'. The state has been constituted of a group of development-oriented elite, for whom to break out of the stagnation of dependency and under-development has been a 'national goal'. It has had a higher degree of bureaucratic autonomy to protect its development objectives from giving away to political pressures which might undermine long-term national economic growth. The state has encouraged a close collaboration between the public and the private sectors through a powerful planning agency or board. It has heavily invested in health and education, and has applied policy measures to ensure equal distribution of the wealth gained through high-speed growth. It also has used incentives and persuasion rather than commands so that economic intervention has been based on the price mechanism of the market rather than administratively assigned prices. The intervention of a development-oriented state, rather than a free-market regime, has been the driving force of Japan's economic growth (Johnson, 1982).

The concept of the 'capitalist developmental state', although extrapolated mainly from the Japanese experience, has been applied to explain state intervention in Singapore, Taiwan and South Korea (Vogal, 1979; Johnson, 1982; Dove, 1986). The creation of the developmental state in these countries owed much to the geo-political context of their birth. These countries started from volatile social and political situation as a result of tensions and conflicts in geo-political politics. After the Second World War, Taiwan was under the military threat of China as a result of the split between the communist party and the nationalist party ending in a communist victory. Singapore declared its independence from Federal Malaysia and was threatened by Indonesia's aggressive foreign policy. Korea also struggled to solve the confrontations between communists and non-communists, but was finally divided as a consequence of the United States - Soviet Union conflicts. The initiate stage of the nation-building process was characterised by territorial struggle, ideological conflicts or ethnic tension. Under the threat of internal divisions and external enemies, the state-building process seems to have been the key of survival for these countries.

Hence, in these countries, the state needed to display its power to resist external threat, and its ability to keep the whole country together. It also needed to demonstrate

efficiency and performance - a success of some kind. For the state elite, this could be achieved by delivering a economic miracle and a fair distribution of the created wealth (Fukui, 1992). The primary aim was not only to help the whole country break away from external dependence and internal under-development, but also to ensure internal harmony by mobilising the whole populace into a collective process of building a 'rich and strong country'. Hence, to become competitive in the world economy, for these countries, is not only a 'national goal', but first their way of 'surviving' (Castells, 1992; Wade and White, 1984). Namely, the state pursued development objectives, and heavily relied on economic development to secure political legitimacy and to assert national identity.

Economic growth in these countries is not achieved through the mechanism of the free operation of the market, as assumed in neo-classical economic theory.[16] It depends on the capitalist developmental state manipulating and influencing the economy in order to realised national aims.[17] The state has responded to and anticipated opportunities in the new international division of labour, set up long-term development objectives, adjusted itself to changing market conditions, and directed capital and labour out of declining sectors and into more competitive ones. The state's intervention has not only aimed to remove serious obstacles to economic development, or to dilute the effects of market failures, but to ensure the international competitiveness. As such, the state has directly invested in education, human skills, technological innovation and physical assets, to reduce the cost of production. It also has taken major decision in disregard of short-term efficiency as indicated by existing factor prices. Through manipulating the factor prices, it has created a comparative advantage for the industrial sector in the world market. The law of the market thus has been operated under the constraints of guidance imposed by the state. The so-called 'governed market', does not rely on direct state

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[16] Writing from a neo-classical paradigm, various scholars considered the performance of these countries as a result of free-market capitalism. The state intervention in the market is relatively limited. It does not control over resource allocation, but aims to provide a suitable environment for capital to perform their functions. In doing so, the state adopts more relative market-oriented policies by liberating import, keeping realistic exchange rate and providing incentives for exports. The major drive of economic performance is due to the action and efforts of the private sector responding to the situation in the free market. It is the 'free-market' approach chose by these countries made development experience standing in contrast to countries such as India, Indonesia and Communist China, where national economic heavily relied on central planning. See Viner, 1953; Bauer and Yamey, 1957; Rostow, 1961; Chen,1979; Porter, 1990; Little, 1979; Fei, 1983; Balassa, 1981; Bhagwati, 1978; Milton and Friedman, 1980; Patrick, 1977.

[17] Deyo, 1987; Morishima, 1982; Wade and White, 1984; Evans and Alizadeh, 1984; Amsden, 1989.

ownership of key industries, but a solid state-business partnership, in which the state has had the upper hand over local firms and foreign capital (White and Wade, 1984, p.5).

The effectiveness of state intervention does not only need an elaborate, efficient administrative apparatus, but a regime which can resist pressure brought by interest groups and can effectively control labour.[18] The capitalist developmental state is a 'strong state' which is not bounded by interest groups or rent-seeking activities.[19] This character is built up in very unique circumstances: massive social dislocation which weakens existing patterns of social control; the existence of serious military threat from outside, which increases the demand for asserting political order throughout society; support from the international system; the existence of a group of bureaucrats who are independent from interest groups; and skilful leaders whose ideology favours strong state control (Migdal, 1988). Most importantly, the state has obtained its sovereignty without relying on the support of the existing powers in local society. Therefore, it has been able to resist influences from external forces. The state has had very high degree of autonomy and authority to define national goals. It also has had unusual power to get those goals accomplished, without having to enter into the power negotiating process (White and Wade, 1988).[20]

The capitalist developmental state is also an 'authoritarian state' for which repression is a means that necessary to achieve political stability and long-term predictability of the system. The state has placed strict control on the trade unions and the political opposition. The use of organised violence to overwhelm the opposition has been very often when integration by persuasion fails. It has prevented social groups emerging from acquiring autonomy from the state. However, to what extent the state needs to rely on authoritarian intervention has been determined by the existing or anticipated crisis in

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[18] Amsden,1985; Barrett and Chin, 1987; Johnson, 1982, 1987, Evans, 1987; Deyo, 1987b; Wade, 1988,1990; Winckler and Greenhalgh, 1988.

[19] The distinction between the 'strong state' and the 'weak state' is subjective, but basically these two kinds of states differ in their capacity to handle the pressure put on them.

[20] The existence of the 'strong state' is the critical point that differentiates the development experiences between the Asian NICs and other developing countries. For instance, in many Latin American countries, the state came to power in situation where existing groups already had considerable autonomy from the state and a capacity to exercise influence against it. The state could only put it down by the exercise of great violence. Under these circumstances, the state had a very limited autonomy from the interest groups.

historical circumstances.[21] Recently the state has gradually recognised that the exclusive reliance on repression is costly and does not always convey the image of political stability required to attract foreign investment. It is anticipated that the repressive and authoritarian regime will be modified through the use of political devices such as democratic constitutions.

2.5 Investing Places: Capital, the State and the Production of Built Environment

2.5.1 The Periodic and Locational Switch of Building Investment

The production of the built environment is seen as one element of the productive forces of the capitalist economy. Land and real estate have been created as commodities and scarce resources in a capitalist system through the operation of the market. The development of land and real estate does not only provide necessary infrastructure for production but itself can contribute to generating surplus value and realising profits. However, the demand for capital investment in the production of the built environment has its fluctuation over time. The 'building cycles', also known as waves of building investment associated with the 'Kuznets cycles', span between sixteen and twenty years. They exist between the short-run movement of the business cycles (seven to eleven years) and the very long Kondratiff cycles (over fifty years).[22] As a form of capital investment, the production of the built environment seems to have a subtle relationship with the logic of capital accumulation. There are three different propositions pertinent to the present discussion on this articulation: 1) the production of the built environment acts as a parallel circuit to that of industrial production, serving the cyclical needs to offset the decline of profit; 2) it mainly plays a secondary role in capital formation, assisting the circulation of capital between the circuits; 3) it operates according to its own logic and sometimes can be contradictory to that of capital accumulation.

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[21] Japan has used the least amount of political authoritarianism to achieve stability for economic growth. It has been termed as 'soft authoritarianism' to distinguish it from 'hard authoritarianism' in countries such as South Korea, Singapore and Taiwan (Johnson, 1987, pp. 140-47).

[22] For discussion on the building cycles see Dewey and Dakin, 1947; Long, 1940; Gottlieb, 1976; Cooney, 1960; Lewis, 1965.

The growth of building investment is seen as a rational response to the continual need for capital expansion. Profit-making is essential in the capitalist production process, since it provides the main source of accumulation fund and will give industrialists the incentives to reinvest.[23] Yet there has always been a cyclical decline in profit rate, caused by the internal contradictions of capitalist production, such as the rise of organic composition of capital, the imbalance between aggregate demand and supply, the shortage of labour, or the changing balance of power between workers and capitalists. Accordingly, the entire accumulation process slow down. For capitalism to reproduce itself, the accumulation process must be sustained. Hence, as the profit rate in one sector of the economy is falling, it is likely that there will be some attempt to shift investment to the most profitable opportunities. The solution for a falling rate of profit in the primary circuit of production has been found in a 'secondary sector', involving the production of the built environment, the extraction of urban rent, the setting of land values and the organisation of urban space for collective consumption (Lefebvre, 1970).[24]

The production of the built environment could be a supplant of the 'primary circuit of capital', or even be a dominant sphere of capital formation. The construction industry itself employs an immense and low-paid labour force and has low organic composition of capital - both can help to counter the tendency of the decline of profit. The expansion of the construction industry and real-estate development can stimulate the demand for the products generated by industrial production, thus can help the expansion of certain sectors of the manufacturing industry (Baran and Sweezy, 1966; Ashton, 1978). Also, the built environment has the ability to be turned over to a variety of uses when the present use is no longer adequate. During the recession, the barrier presented by the fixed capital in the built environment can be more easily broken down. As the profit obtained in industrial production declines, industrialists seek for steady, secure and the highest rate investment in the built environment for their capital. The transition from

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[23] In the capitalist production process, industrialist put its capital into a production process in which commodities are produced through a mechanism consisting of labour power, means of production and raw material. After production, industrialist will sell commodities to gain not only the initial payment but extra amount, surplus value. For discussion on different approaches to the decline of profit rate in this process see Devine, 1986; Wolf, 1987; Reati, 1986.

[24] Lefebvre's work has been summarised in the writing of Harvey 1982, 1985; Soja, 1989 and Gottdiener, 1987.

industry-based production to urban-based production is describe as 'the urban revolution' (Lefebvre, 1970, pp. 260-65).

The second proposition sees the production of the built environment playing a secondary role, only responding to the over-accumulation crisis in the primary circuit.[25] The accumulation process of capitalist production depends on a number of factors: the existence of a surplus of labour, the good access to further supplies of the means of production such as machines, raw materials and physical infrastructure, and the well-functioned market to absorb the increasing quantities of goods which are produced. As mentioned previously, the accumulation process is rarely smooth but constantly creates contradictions, such as the over-production of commodities due to the competition between capitalists, the falling rate of profit caused by the price mechanism and the increase of real wages, or the accumulation of surplus capital (money capital) because of the lack of profitable investment. Hence, there has always been a tendency to over-accumulation in which too much capital is produced with respect to the opportunities to reinvest that capital profitably. The crisis must be resolved if the capitalist economy is to continually survive (Harvey, 1975a, 1982).

The over-accumulation tendency can be temporarily overcome through the circulation of capital, namely, through the switch of capital from the 'primary circuit' of industrial production into the 'secondary circuit' and the 'tertiary circuit'.[26] This circulation is mediated by financial capital which can move more freely and can provide the necessary support at the initial stage of investment (Harvey, 1975b, Hula, 1980). The 'secondary circuit', also known as the 'property circuit', is specially addressed to land and real-estate development (Walker, 1981, p.384). There is some evidence suggesting that the surplus capital of productive sector moves into the production of the built environment, particular on the eve of a crisis (Whitehand, 1972, pp. 39-55). From this point of view, there must be a surplus of capital in the primary circuit of production, in order for capital to flow into the production of the built environment. The production of the built environment is determined by the rhythm and periodicity of capital circulation.

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[25] Industrialists will tend to increase their surplus value gained from production process. The surplus value is either consumed by industrialists or is reinvested (accumulated). For a brief discussion of classical Marxist theory of accumulation see Devine 1986, pp. 4-5.

[26] The secondary circuit consists of the formation of fixed capital and consumption fund. The third circuit comprises investment in science and technology, and a wide range of social expenditures. See Harvey, 1982.

The third proposition provides a different view from the previous assumptions. The production of the built environment is seen as having its own dynamic, and is to a large extent independent of the logic of the primary circuit of production. The property circuit is unstable and contradictory in nature. As mentioned before, the primary source of building investment is mediated through the operation of financial capital. Financial institutions, including commercial banks, insurance companies, investment trusts and mortgage companies, extract their capital from a variety of sources and channel them into property development for profit gain. The formation of the credit system, the movement of the interest rate, and the growth of money supply thus can affect the various waves of investment in the building environment. Also, financial institutions make individual decisions of where and when to invest. Although they seek the high-rate of return for their investors, depositors and shareholders, their decisions can sometimes be irrational from a cost-accounting and profit-making approach. There have been extremely irrational swings in land and real-estate investment. Moreover, land and real-estate development has always offered an incentive to a variety of investors, including landlords, developers, home-buyers, for their personal gains. The different factions of interests involved in the built environment add swings in the investment in the property circuit (Feagin, 1987, pp. 179-82).

The property circuit does not necessarily aid the primary circuit as assumed. It should be noted that capital invested in the built environment is fixed and immobilised for a long period of time. The unplanned growth and unproductive development of the built environment both will exaggerate the crisis in the primary circuit. The over-investment in the built environment can raise the cost of industrial production and force the relocation of certain industries. This is particularly significant during the property boom, which is often accompanied by the excessive supply of space, high inflation, and rise of the interest rate (Gottdiener, 1987, pp. 192-94). The investment in the property circuit can reach its limit when investment is no longer profitable. For instance, the built environment no longer serve current use and return profit, yet they can not be removed easily, especially when land is monopolised by private owners, or the existing physical assets on land have not run out their economic life. This ties up land over a long period in one specific use. Therefore a physical asset becomes the 'prison of capital' (Harvey, 1975a, p.13), acting as a barrier to further growth.

It seems that the production of the built environment has a double-edged effect, can assist accumulation, or can be barriers to accumulation and in turn cause further crisis. The over-accumulation crisis can occur in the secondary circuit as that in the primary circuit. The crisis needs to be solved for the property circuit to perform its function. The saturation of investment in the property circuit has been resolved by a process of capital devaluation (Smith, 1982, pp. 140-50). That is, a substantial devaluation of the exchange value of physical assets which destroys the value and opens longer-term possibilities for investment. Hence, there has been a periodic and systematic shift in the location of capital investment in the built environment. The socio-spatial outcome of this process is the uneven development of space and the differentiation of ground rent (Walker, 1981, pp. 384-410).

The ground rent surface of the city, as assumed in neo-classical theory, is an outcome of the myriad decision of individuals, each seeking to satisfy his own interest. The prices of land in any location in the urban area are subject to first, the scarcity of similar plots or location and the buyers' willingness to bid for land. Individuals and firms seek a location which can minimise their operation costs (land rent and transportation cost) and maximise their benefit. Land value is at a peak at the urban centre with a declining gradient on all sides toward the periphery. However, there is some empirical evidence suggesting that the ground rent structure is highly even, reflecting on a bimodal curve of ground rent declining with increasing distance from the centre (Hoyt, 1933).[27] The differentiation of ground rent structure in the city is associated with the shift of capital investment between the suburbs and the inner-city area. The valley curve is deepened and broadened as a result of the general expansion of the urban area, in particular the development of the suburbs (McDonald and Bowman, 1979). It indicates that as capital flows into the suburbs and looks for available land for investment, the substantial devaluation of the land in the inner city takes place (Davis, 1965; Edel and Sclar, 1975).

The valley identified in the land value curve exists in places between the core and the outer areas of the city, with the large concentration of deteriorating housing and lower-income population. The physical deterioration in the inner-city area experiences different stages. First, the selling prices of houses decline after one cycle of use. Second, the old

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[27] Land value refers to the price of undeveloped plots and the expected income from their use. Property value is the price when a building is sold, including the value of the land (Hoyt, 1933).

houses are converted to rental rather than be repaired by landlords, and property values constantly fall down because of under-maintenance. Third, the decline in property values is intensified by the operation of real estate agencies who buy houses cheaply and sell them at inflated prices. Fourth, the local housing market is hindered as large institutions cease to supply mortgage to these areas. Finally, substantial abandonment occurs since landlords are not able to claim enough rent to cover the necessary costs. The decline of the built environment leads to the ground rent capitalised under its current use being substantially lower than that could potentially capitalised (Smith, 1979a, pp. 543-45).

However, the under-development of land lays the foundation for new investment. As land rent continually drops, a 'rent gap' - the disparity between the land rent from the present land use and the potential rent from the higher use, is formed.[28] It opens new room for reinvestment. There has been a growing evidence suggesting that a 'back to the city movement' emerged in numerous cities in North America and Europe during the 1960s and the 1970s.[29] This movement contained a rising flow of property investment and affluent residents returning from the suburban area back to the city - generally to some areas located within two or three miles commuting distance from the core, or some areas with historical and aesthetic significance.[30] This has caused an upgrading process of environment involving different degrees and types of physical changes: the construction of new buildings on previously developed land, the rehabilitation of existing housing stock, or the conversion of industrial and commercial land into residential use.

However, it is clear that spatial development does not take place everywhere at the same speed or in the same direction. Where the capital will flow into depends on the spatial patterns and the ground rent structure created by the foregoing development. The profit appreciation from the disparity of land rent provides new investment opportunities as capital flows into those areas where the rent gap is wide enough. The 'rent gap' is

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[28] Capitalized ground rent is the rent the owner claims from the user for offering the use of the land. Potential ground rent is the higher rent can be claimed by offering the land for its best and highest use. See Smith, 1979a.

[29] See Hamnett, 1973, 1976; Williams, 1976; Hamnett and Williams, 1979, 1980; Laska and Spain, 1980a; Smith, 1979b; Zukin, 1982; Ley, 1981.

[30] In Black's (1975) survey of one hundred and forty-three cities in America, almost half of these cities experienced some degree of housing renovation in older areas during the period 1968-75. Housing rehabilitation was particularly occurring in small enclaves located close to the CBD. Almost two-thirds of them were historic districts and renovated through government's conservation designation and subsidy for housing improvement or rehabilitation. For a general discussion see Zukin, 1987; Kasinitz, 1988; Maher et al, 1985; Levy and Cybriwsky, 1980; Tournier, 1980; Ferris, 1972; Lees, 1994.

considered as the key factor determining the timing of re-investment in the inner-city area. Yet the timing of each turning point: from building depreciation, the decline in capitalised ground rent, rent-gap expansion, and finally to rehabilitation or redevelopment, has still been largely depending on the real circumstances of the property market (Clark, 1988; Badcock, 1989).

2.5.2 The Role of the State in Capitalist Space Economy

The role of the state in capitalist society, as assumed in social democratic theory, is to sustain the condition of production for the national interest in the growth of national wealth, and to counter the imbalance of the market system through its distribution policies. The state is seen as an institution separated from the economic system, and so has the 'neutrality' as a political institution. The state is a means of regulating and facilitating the operation of the private market, since the market itself worked imperfectly for new development. To maintain the market's efficiency, the state uses urban planning as a device to renovate the spatial organisation of the city for new uses, to ensure allocative efficiency, also to free up land for more profitable investment. The state also operates to ensure distributive justice. It acts as a supplier of public goods and services, with the aims of countering social-economic imbalances caused by the imperfect market mechanism. The allocation and distribution of resources are seen in the general interest of society.[31]

This view has been criticised by scholars whose work is based on the Marxist tradition. The state is seen as shaped fundamentally by an underlying logic of capital accumulation. The state operates to counter the tendency of the decline of profit rate and to resolve the crisis of capital accumulation. Hence, the neutrality of state intervention is limited. The main function of the state in capitalist society, in broader terms, is to create favourable conditions for the capitalist economy, such as maintaining capital accumulation, eliminating cyclical influence and defusing social discontent. By doing so, the state takes on many of the functions of the capitalist, in an attempt to avert an economic crisis

[31] For a review of the debate on the role of the capitalist state see Bonedeld, 1987; Jessop, 1988; Clark, 1988.

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and to stabilise the class struggle. From this view, the state acts as an instrument of capitalist interest (Miliband, 1969, 1973).

To assist capital accumulation, the state takes actions to stabilise and rationalise capital investment in the primary circuit.[32] If the over-accumulation crisis occurs in the primary circuit, the state assists the circulation of capital between circuits by its policy measures. As noted earlier, investment in the secondary circuit, in particular, needs money supply and long-term commitment. If there is no certainty that investment in the secondary circuit can be productive, excessive capital tends to over-accumulate in the primary circuit instead of moving into the secondary circuit (Harvey, 1978a, p.107). Hence, the flow of capital from the primary circuit to the secondary circuit can not be accomplished without certain institutional factors surrounding regulation, subsidisation and taxation. There also should exist a functioning capital market and a state that is willing to finance and guarantee long-term, large-scale construction projects. The state-controlled financial institution often acts as a collective 'nerve centre', governing and mediating the flow of capital. The state also plays a substantial part in creating a favourable environment for investment. It provides extensive funds for infrastructure development, transportation system, urban renewal and new town programmes. Tax concession and special credit arrangement are also given to home-owners and the construction industry. Sometimes the state even applies relative weak planning regulation to reduce the costs of property development (Feagin, 1987, pp. 173-89).

However, while social democratic theory overestimates the autonomy of the state, orthodox Marxist theory under-estimates the possibility of that autonomy. There are many different capitalist interests involved in the production process. The state has to unify the divergent factions of the capitalist class by assisting capital accumulation in the long-run, even against the immediate demand of different factions pursuing their own short-term interests. The state also has to satisfy popular aspirations which necessarily conflict with the interest of capital. From this view, the state is not autonomous but reflects the balance of power among classes. It acts as a regulator of class interests but its decisions work in the long-term interest of monopoly capital (Poulantzas, 1969).

An alternative approach, although inspired both by social democratic and Marxist theories, has firmly rejected to interpret the state from purely capital logic. The state

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[32] See Harvey and Chatterjee, 1974; Preteceille, 1973; Scott and Roweiss, 1978.

takes actions to secure the condition for capital accumulation, but at the same time it avoids compromising legitimacy by identifying itself with any particular interest. This is because the state cannot guarantee the condition for capital accumulation without securing social consensus and social integration among citizens. The state has to ensure acceptance of law and order and thereby create a stable environment for capital investment. It also need to secure the basic welfare of the people, especially those who are vulnerable and who therefore are most likely to attack the capitalist system. The integrative function of the state, as a means of reconciling conflicting interests and reproducing the cohesion of society as a whole, should be redressed (Offe, 1972; Habermas, 1973; Gold, Lo and Wright, 1975).

The state has dual functions: legitmation and accumulation. It attempts to fulfil two distinct and contradictory functions through its public expenditure (O'Conner, 1973, pp. 103-57). The state uses 'social capital expenditure' to assist investment in both capital production and labour force. This category is consisted of social investment, social consumption and social expense. Through social investment, the state helps to increase productivity and reduce the cost of fixed capital. thereby stabilising the fall of profit rate in the primary circuit. Through social consumption, the state reduces the necessary costs for the reproduction of labour power which should be borne by industrial capital, thus prevents the rise of organic composition of capital. Through social expenses, which are mainly military and welfare expenditures, the state plays down the struggle of the working-class and maintains social harmony (Gough, 1975a, 1979).

The dual function of the state reflects on its provision of goods and services for 'collective consumption' (Castells, 1977). Through organising and subsidising public goods and services, such as housing, transport, health service, education, training and research facilities, the state helps to counter the falling rate of profit in the private sector, to combat under-consumption, and to stimulate the demand in the economy. The provision of collective goods and services is also necessary to regulate the process by which labour power is reproduced. It transfers the costs for the reproduction of labour power to society as a whole through the mechanism of public finance. The social wage is used to supplement real wages in the productive sector, and helps to reduce the social cost for reproduction. Most importantly, through providing basic welfare and encourag-

ing home ownership, the state wins popular support and effectively deflects political pressures (Gamble and Walton, 1976; Ball, 1978).

From this point of view, the state has become an organic element for both economic and social reproduction. However, the selection of a particular type of accumulation strategy is decided politically, according to the need to secure social-bases of support for that strategy. The realisation of an accumulation strategy is always based on a compatible political-ideological 'hegemonic structure' or 'hegemonic project' (Hirsch, 1983; Jessop, 1983). The 'hegemonic project' is exercised through specific political, intellectual and moral practice, aiming to mobilise support for state actions and to provide the motives and opportunities for popular participation in the pursuit of development goals. It can be concerned with non-economic objectives, including military success, social reform, political stability or moral regulation, or broader issues grounded in the field of civil society and the state (Jessop, 1990, pp. 207-9). The policies pursued by the state to sustain accumulation are always the contingent results of the political process of the state, determined by its own political priorities.

The state, as a bureaucratic form of domination, can be explained not only by the interest it serves, or the economic function it performs, but in terms of its function as a political institution which is designed to maintained the stability of the whole social system. The state can act in the interest of capital, but in certain circumstances it can pursue its own interest, which is, a framework to hold the state and society together. The autonomy of the state, however, seems to be inherent in the structural relationship between the state and society.

2.6 The State, Society and the Political Process of Policy-Making

The policy-making process of the state, according to traditional liberal democratic theory, is based on a political division of labour. The decision is made by elected representatives rather than through the widespread participation of the mass. The state is seen as an institution outside civil society - neutral in its function and independent of any particular interest. The neutrality of the state is guaranteed by its absolute control of organisational and political resources, also by the electoral process which provides the mass necessary means to decide who should be position of power. However, when one

uses the concept of 'the state', it is not 'a state' that acts but rather the institutions and individuals who comprise it. The state has heavily relied on a bureaucratic system of administration to take on its responsibilities.[33] The tendency towards concentration of power on officials, who derive their power from a hierarchically organised bureaucracy, has been evident. The exercise of power by the officials is seen as legitimate and acceptable by the mass since theoretically, they will make the decisions which are responsive to the changing needs of the majority.

It is also argued that the state elite do not necessarily coincide with effective power. There are groups behind the scenes who exercise their influence on politicians and bureaucrats, making them to accept or to reject certain actions. From this point of view, the analysis of policy-making should distinguish those who hold formal positions of power from those who might be in a position to exercise power or control local decision-making by virtue of their social or economic position in the community. The earliest debate on the community decision-making involves competing elitist and pluralist approaches. The elitist interpretation explores the influence on the decision-making process from the outside of the state apparatus. It is argued that the decision-making process is basically elitist, not only subject to the control of politicians and bureaucrats, but to a group of socio-economic elite (capitalist and land-owning class) or a series of elite with different resource bases (Hunter, 1953; Mills, 1956). The pluralist interpretation, on the contrary, suggests that different interests are active in different issues. Although power is often concentrated in the hands of a limited number of people, it will be very difficult for any of them to maintain and to endure control over all resources. Thus, the actual exercise of power is dispersed amongst them over time and over different issues (Dahl, 1969). The issue that this debate raises, has encouraged three different theoretical assertions of the policy-making process: the neo-plurist, the Marxist and the corporatist models of policy-making.

It is argued that the concentration of power in the elected politicians and bureaucrats has caused the alienation of groups and individuals from the decision-making process. The government has taken care of dominant interests related to the local economy, land

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[33] It is argued that in order to deal with the increasing complexity of modern society, the state has to be rationalised. The increasing demands of 'expertise' to run the government and society resulted in the development of a bureaucratic authority in which full-time and salaried officials are employed to help the elected representatives. See Weber, 1978.

use and property development, but has neglected those related to welfare issues. As a reaction to these circumstances, pressure groups and neighbourhood organisations representing particular interests or areas, have become more organised and articulated.[34] They have actively engaged in local politics, forced the local government to adopt policies that are in their interests. In many places, they have succeed in deflecting the authority from its intended course or shifting the direction of policy. The competition between diverse interest-groups has occurred not only at national level but within the local community. The state must maintain a balance between competing interests, in order to achieve a base of support also to avoid future conflicts. The decision-making thus has been characterised by a continuous process of discussion, negotiation, co-operation and agreement among different groups in society, with no group be able to dominate others.[35]

The analysis of the influence of pressure groups on the policy-making has heavily drawn on the basic assumption of pluralist theory.[36] This interpretation has many weaknesses. First, the 'political inactivity' of ordinary people seems to be norm rather then exception in many liberal democratic societies (Miller, 1986; Boaden, 1982). The government has a tendency not to respond to the demands made by the less powerful groups. Although sometimes they may be pushed to establish committees or to issue inquiries for diffusing tension, the issues can be suffocated before they reach the political agenda, so that 'the decision is not even taken'. As a result, the less powerful groups find it very difficult to see that their access to local decision-making is ensured and their interests are protected. They gradually lose interests and withdraw from any forms of political events or activities. This 'non decision-making' process explains how these groups can be effectively prevented from engaging in political action (Bachrach and Baratz, 1970, p.30). Second, although competing interest groups or factions are crucial to democracy since they can divide up power and reduce the exclusive influence of any group or class, there are certain pre-conditions for their existence. There must be several

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[34] See Clavel, 1986; Molotch and Logan, 1990; Molotch, 1990; Castells, 1983.

[35] See Dennis, 1972; Hague and McCourt, 1974; Simmie, 1971; Fagence, 1979.

[36] Pluralist theory is based on an interpretation of the political system of modern societies which emphasizes the competitive nature of group interests. Pluralist theory assumes first, people have equal bargain power; second, competition and participation occur between organised groups not individuals; and third, no single elite can dominate decision-making in every substantive area. See Olson, 1968 and Kariel, 1961.

political groups competing for power; opportunities for organised groups to access to the political system; active individuals who are willing to participate in organised activities; election as an available instrument of mass participation in political decisions (Presthus, 1970, pp. 109-10). Thus, it would be misleading to assume that a pluralist model of decision-making can emerge without a consent of democracy in society. Third, the interest groups referred to by pluralist theory, are not equivalent in their power. The control of resource itself is a capacity for political action. Those who control the critical material sources are those who enjoy the most efficient contact with the government and those who can obtain access to useful information (Saunders, 1983, p.23). These groups retain decisive advantages in their ability to bring influence to politicians through public participation. The less-advantaged section of the community may lack of the privileged access to information and are less able or willing to respond.

The upsurge in the neo-Marxist literature has laid down a considerable challenge to those who wish to interpret the policy-making process in liberal democratic terms. From the orthodox Marxist perspective, the state is run by a class-conscious political elite acting on behalf of monopoly capitalist interest. It is not a neutral agent but rather an instrument by which capitalists can achieve and reproduce their domination. This argument has been rejected by Marxists who are particularly concerned with the question of the 'relative autonomy' of the state. That is, to what extent the state can act independently of or against dominant capitalist interests (Poulantzas, 1973). As the capitalist class is to some extent divided, the state is seen as an instrument of mediation and negotiation between the different factions of capitalists and between the various demands necessary to their collective interest. Its decisions and policies work in the long-term interest of monopoly capital but sometimes are relatively autonomous of immediate capitalist needs. Although state intervention is designed to secure the general interest of capital, the state will sometimes be obliged to respond to the interest of other classes, even against the interest of monopoly capital. It may also impose certain policies on capital when it anticipates trouble from the working class, or may act in the interest of the working class as a result of successful mobilisation in protest or election. The state serves to play down the working-class struggle through short-term comprises and reforms (Lojkin, 1976, 1977a).

Although the Marxist perspective provides an assumption of how the state operates in capitalist society, it can not furnish a satisfactory explanation of the complexity of state activities. The state is a framework for the exercise of power. It has a selective mechanism through which to filter the demands of society in accordance with its own political priorities. Drawing on elements of both pluralist writing and Marxist ideas, the 'corporatist' or 'contract' model of decision-making has provided an alternative explanation. It is suggested that the need to secure the conditions for accumulation and legitmation has forced the state to intervene more directly and to bargain with organised interests (Winkler, 1976). The state establishes a corporatist decision-making framework in order to mediate various interests and to co-ordinate their activities.[37] This framework enables conflicts over competing interests and demands being resolved without threatening the stability of the entire political system. This framework is also highly selective, as certain organised interests are granted privileged access to the policy-making process and are made co-responsible for the implementation of decisions. Such licensing is granted on the basis of adherence to certain norms defined by the state, even if this would shadow the immediate advantage of organised interests (Williams, 1985, pp. 68-9).

The corporatist model of decision-making enables certain interest groups and state agencies entering into a closed process of bargaining over public policies. Public policies thus are the outcome of managed bargaining between representatives from different authorities and civil organisations. The access to and the distribution of key resources have been controlled by those 'gatekeepers' or 'urban managers', who act as mediators between the central state, the private sector and the demands of the local population (Pahl, 1975, p.121).[38] The selective process of corporatist decision-making has given the 'growth coalition' a privileged position. In an urban setting, the growth coalition is formed by influential actors such as financial capital (bank and trust companies), real-estate interests (developers, construction companies and landlords), local media and utility companies. This so-called 'urban growth machine' gains more from intensive use of land and property and will seek growth at any cost (Logan and Molotch, 1987,

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[37] See Schmitter, 1974; Wolf, 1977; Grant 1985a; Saunders, 1986; Cawson, 1982; Harrison, 1984

[38] These gatekeepers are a rang of individuals in the public and private sectors, including local authority bureaucrats, technical experts, social workers, building society managers, etc. See Ford, 1975; Elliott and McCrone, 1975; Danies, 1972; Young and Kramer, 1978.

p.52).[39] As the politicians are driven to made decisions which favour the interest of the 'urban growth machine' in their community, the 'anti-growth coalition', generally formed by pressure groups and neighbourhood organisations, can at best gain short-term victories. The corporatist policy-making is seen as another way to formalise the 'informal privileged access' of certain interest groups, and to legitimise their political influence on policy-making (Stoker, 1988).

However, recent studies of urban politics have suggested that the function of the state should be distinguished from the form of the state. It seem that different levels of the state have different political process and interest being involved. The main function of the central state is to maintain capital accumulation. Hence, policy measures have been more concerned with economic expansion on a national or international scale, with its decision-making process largely controlled by the ruling class or capital interest. From this point of view, the policy-making process of the central state has been closer to a corporatist model. The major function of the local state is to enhance the legitimacy of the capitalist system, i.e. to secure social consensus and social integration. The local state thus has to take account of the balance among all relevant interests. Its policy measures have been more concerned with consumption and welfare services, which are directly associated with working- and middle-class interests. Local politicians represent different constituency interests have sought to gain benefit from the territories that return them to power. The decision-making process of the local state has been more pluralistic and subject to effective challenges from popular demands (Saunders, 1986).

2.7 Conclusion

The above discussion suggests that as a form of state intervention, the planning policy for the transformation of historical urban centres can be read from two different aspects. One is the invention and interpretation of 'historical and spatial icons'. The other is the intervention in 'the production of the built environment'. The motives and consequences of this planning policy can be the outcomes of the interplay of different mechanisms.

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[39] There are a number of empirical studies in the USA (Elkin, 1987; Logan and Molotch, 1987; Stone, 1980, 1989) and in the UK (Dannis, 1972; Dunleavy, 1981; 1990; Goldsmith, 1980; 1990; Blower, 1984; Davies, 1972; Wates, 1976; Harding, 1990).

This planning process, as an attempt to preserve the historical built environment, can be related to three different theoretical assertions. First, this planning process can be an integrative part of the ideological construction of the nation-state. The nation state, as mentioned previously, tends to use a mixture of two instruments - civil-territorial and cultural-symbolic - to perform the key integrative function of society. The latter involves the construction of identity on the basis of common history, shared culture or ethnic ties. Hence, at a particular time in history, the nation-state may use historical and spatial icons extensively in order to engender a sense of national pride, remind people of their common heritage, and anchor national myth in shaping national identity. Second, this planning process can be seen as one part of a hegemonic project of the capitalist state. The early remarks suggest that the official interpretation of history always answers to the present needs and aspirations of the state. The attitudes and values, which were associated with the legacies of the past, can be fashioned and mobilised as cultural sources, enabling and constraining individuals and institutions to operate in certain ways. They constitute the base for moral exercises or regulations, thereby enabling the state to enhance the unity and coherence of society or to mobilise support for new accumulation strategies. The invention of historical and spatial icons can be closely associated with the creation or reproduction of legitimacy for the capitalist economy. Third, this planning process can be seen as an outcome of power negotiation between the ruling class and those who refuse to be dominated. Historical and spatial icons can be used to legitimate the statue and power of certain groups or interests in society. Yet they can also provide important sources of collective identity and political action for those who have been marginalised in political and cultural spheres. Hence, the questions of what to preserve and who decide have always reflected the nature of political authority and power structure within the state and society.

This planning process, as a form of state intervention in the production of the built environment, has its unique features. The policy itself indicates the re-valuation and re-use of the physical environment with peculiar visual image and aesthetic value, without increasing floor space and the density of activities on land. This strongly implies a rejection of the intensive use of land, and a preference of controlled growth. However, as a form of state intervention in capitalist space economy, this planning process can be related to two theoretical assertions. First, this planning process can be an integrated part

of a new accumulation strategy, aiming to counter the crisis in capitalist production. The logic of building investment in the capitalist economy, as discussed previously, has been closely associated with the cycle of capitalist production. As a source of capital formation, building investment can contribute to the continue need for capital accumulation, serve as an instrumental device to offset the decline of profit in the primary circuit of production, or work in its own logic which can be contradictory to capital accumulation. The state intervention can play a part in stabilising and rationalising capital invested within the circuits or capital circulated between circuits, or in countering the effects of market failure. Second, the intervention in the production of the built environment can also be an element of a 'hegemonic project' of the capitalist state. The state intervention also has ideological function. To remove obstacles to political stability and economic development, the state needs to secure social consensus and to facilitate social integration. The peculiar 'anti- growth' or 'controlled growth' ideology embodied in this planning process can play down political pressure and diffuse social discontent, thereby the process of accumulation can proceed again on a new social basis.

This planning process is also a political and bureaucratic process involving the exercise of power and the competition among interests. The process by which national identity become constructed and reproduced through historic and spatial icons is complexly negotiated, involving the effort of the nation-state, and the struggle of groups whose autonomy is limited and who have alternative version of national identity. Like the interpretation of historical and spatial icons, building investment also involves different factions of interests, including financial institutions, property developers, real estate agencies, landlords and individual investors. Hence, this planning process is not only an action of the state, but an outcome of the interaction of a wide range of social actors, who are divided by their political belief, socio-economic class and cultural identities. The way this policy is formulated and implemented provides a way to understand the domination of political powers and the exercise of citizenship rights, thus giving strong indication of the structural relationship between the state and society.

The discussion also provides a way of understanding the structural interconnections between economic interest, political power and national identity in the Asian NICs' peculiar context. The nation-building process of Singapore and Taiwan is operated through three sets of key mechanisms. As post-colonial states, they have combined civil-

territorial and cultural-symbolic instruments in their own way in order to create political and cultural communities out of their local societies. As capitalist developmental states, they have developed strong apparatus with bureaucratic autonomy to define national strategies in pursuing capitalist development. As authoritarian states, they have obtained sovereignty without depending on existing social forces or popular movement, and have relied on repression and ideological control to secure political legitimacy. These three sets of mechanisms, however, can be related to each other on both theoretical and empirical levels.

Many post-colonial states were born in a highly complicated geo-political context. The boundary of the nation and the sovereignty of the state are mostly artificial creations, having little relevance to the existing social forces and group identities of local societies. As nation-states, they have experienced great difficulty in creating one single identity from among the many diverse elements of the plural societies. Hence, the civil-territorial and cultural-symbolic instruments of nation-building are constantly insecure, having a positive effect of national integration, but also a potential risk of territorial disintegration. For these countries to survive as independent political entities, the states need to demonstrate the ability to resist external threats from neighbouring-states, and also to keep the whole society together. Many states have established themselves as strong apparatuses with centralised bureaucracies and military capacities. For the ruling elite, the main strategy to achieves internal integration is through building the state as a supreme power and as a proud icon of national identity. The state-building process thus became the foundation of nation-building process.

Many post-colonial states have attempted to demonstrate an achievement of some kind, such as breaking away from dependence and under-development. The ideology of development has dominated the policy agenda and played an integrative function for the nation, since the nationalist discourse is insecure in its nature. Some countries have taken advantage of colonial heritage, foreign aid and the dynamism of global capitalism, in order to enter a rapid industrialisation process. The lack of connection between the state and society in turn gives the state relative autonomy to define development strategies without entering into the power-negotiation process with social forces. The strongly developed administrative apparatus is able to organise labour and to prevent the surface of political powers. The effectiveness of state intervention in both economic and social

spheres has increased the chance to succeed in the competition under global capitalism. Although the authoritarian regime has been justified by the 'crisis mentality' embodied in the state and society, it has inevitably repressed the practice of civil and political rights of citizens to a great extent. This can in turn threaten the very foundation of a political community, as assumed by the civil-territorial model of nation-formation. However, through the success in maintaining political stability and economy development, the state has satisfied citizens' rights to economic welfare and personal security. The restriction on the practice of civil and political rights has been compensated by the highly-developed social rights, which has engendered a sense of unity on the basis of common interest.

However, these mechanisms of nation-building are highly dynamic. They can be coherent at particular time in history, also contradictory to each other at another time. There is also a room for dissociation or inconsistency among them in specific conjuncture. First, the existence of these mechanisms is also externally conditioned, heavily depending on the dynamism of global capitalism and the geo-political politics of the region. The constant changes in both spheres, for instance, the directions of foreign investment or the balance of political and military powers, can support or destroy the grounds of economic development and authoritarian control. Second, the fundamental conflicts presented in the initiate stage of the nation-building process may be temporarily repressed but not eliminated. They can surface again due to the change of historical conjuncture, or stay as a hidden mechanism, countering the attempts made by the state to enhance internal integration. There are also new forms of conflicts emerging, since new socio-economic divisions have been created by the logic of the capitalist economy. All these could combine to create new challenges to an authoritarian regime and further, the social and ideological bases of a developmentalist regime. Third, the capitalist economy is a cyclical process, having boom and recession periods. During the downturn of the economy, the developmentalist promise of further material rewards will lose its credence. Although the ideology of development has effectively mobilised the population into a collective process of pursuing growth, it along is not sufficient to sustain an unified identity over a long period.

Here we begin to understand the nature of crisis in the Asian NICs' context. As nation-states, they need both civil-territorial or cultural-symbolic instruments to bind people together. The states may still emphasise on the development of social rights

through wealth creation. Yet in the long run, they might have to adjust themselves and to seek integrative elements from other grounds. They might encourage social and political participation by permitting citizens more civil and political rights; use national myths and symbols to enable the people to participate the worship of the nation; or create a collective discourse by recovering pre-existing ethnie or inventing national history and tradition.

This planning process is conditioned in the interplay of economic interest, political power and cultural identity on both structural and institutional levels. To describe the structural interconnections of these mechanisms in specific time-space settings, we first need contextualised knowledge of the development strategies of the state, the relationship between the state and society, and the ideological construction of nation statehood. We then will have to describe the influence that these mechanisms produce on the institutional setting, namely, on the logic of urban policy, planning regime, property market and cultural practice, in particular time and space. The internal dynamics and conflicts of these institutional factors will also create the very conditions shaping the planning process. As a form of state intervention, this planning process is composed of three separate stages: the process of policy decision-making, the formulation of planning strategies, and the implementation of these strategies. Hence, they can be influenced respectively by structural and institutional mechanisms, and can perform different kinds of regulative functions. Finally, all these observations will have to be brought back together to a number of contingent related factors, such as individual decisions, which can be discovered through the empirical studies. We also have to bear in mind that there could be no one to one correspondence between a structural mechanism and an observable outcome. Through comparison, we might be able to identify empirical regulations and uniqueness, which are necessary for overcoming the difficulties of conceptualisation.

CHAPTER THREE
THE DEVELOPMENTAL STATE AND THE NATIONAL BUILDING PROCESS

3.1 Introduction

In an inquiry into sets of circumstances under which urban policies are formulated and implemented, this chapter takes the first step in analysing the nature of the nation-building process in Singapore and Taiwan in two main sections. In each section, I start with an analysis of the development strategies formulated by the state in order to make the economy successful in the trend of global capitalism. I then focus on the means by which the state organised society in order to get their development strategies accomplished. This inquiry brings to the fore an analysis of the power negotiating process and the relative position of each of the social forces vis-à-vis others. I then study the ways national identity was constructed during the nation-building process. A major theme of this section is to discuss the political and economic purposes lying behind the ideological construction of the state, and the reason that a particular kind of official ideology was needed in certain historical circumstances. All these are necessary for the contextual analysis to be developed later. The narrative in this chapter starts with a discussion of the events that occurred after the Second World War. Particular attention is paid to some major changes in the historical process. I do not pretend to offer an exhaustive description. Several issues raised here may be not directly relevant to the basic arguments advanced; but they will be eventually be brought together in the following chapters.

Singapore
3.2 The Developmental State in the Global Economy: Singapore's Openness to International Capital

Singapore is an island with limited natural resources and a small internal market. The negative side of such a small domestic market was the insufficient demand and the attendant difficulties of achieving scale economics and cost-competitiveness. Since Singapore was cut off from Malaysian markets and raw materials in 1965, an import substitution strategy was rendered completely unworkable. The only option left at this stage was to take the advantage of its location and to create a local environment which

could inspire foreign investment, since it could provide the means to attain rapid economic growth. Singapore's out-looking strategy soon found itself a growth niche in the post-war era, during which many industries in the industrialised countries were enthusiastically in favour of investing abroad and reaping the profit from advantageous local conditions. Singapore leaped at the chance to develop its national economy on the basis of the expansion of export-oriented manufacturing industries and related business services for the world market.[1]

The state apparatus, influenced by the British bureaucracy, was fairly sophisticated and efficient. Through monopolising major financial devices and implementing a tight monetary policy, the state was able to control real wages, the inflation rate and the foreign exchange market, thus creating a stable fiscal policy and an institutional environment for investment. Several public agencies, such as the Economic Development Board (EDB), the Jurong Town Co-operation (JUC), the Development Bank of Singapore (DBS) and the Institute of Standards and Industrial Research (ISIR), were established under the state (Low et al, 1993).[2] Major economic plans and policy measures were formulated and implemented by these public agencies. They altogether executed a difficult task aiming to make the industrial environment as conducive as possible for investment activities.

As a major port, Singapore had certain locational advantages for some industries such as shipbuilding and repairing, along with steel mills linked to its position in the waterway. These heavy industries had been developed during the colonial period. The EDB intended to transfer Singapore from a refining and shipment location for the main oil operations to a major manufacturing base for oil rigs and electronic goods. According to its long-term strategic plan, the emphasis within the manufacturing sector shifted from the traditional shipbuilding, repairing and steel industries to the petroleum, machinery and electronic industries. The petroleum industry in particular, was considered as the main driving force for the industrialisation of Singapore (Koon, L., 1980).

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[1] Discussion on Singapore's export-led economy see Chen, S. 1983; Haggard and Cheng, 1987; Lim, L., 1983; Krause, Koh and Lee, 1987; Mirza, 1986.

[2] These development agencies also own several subsidiaries outright and hold large shares in a number of companies. In the early 1980s, there were eight organisations and 450 commercial enterprises being under state management.

To create a favourable environment for foreign investment, the EDB also produced plans for the liberalisation of the economy and to provide investment incentives to foreign firms. Several policy measures had far-reaching influences, for instance, to invest in physical infrastructure such as industrial and business estates, port and air transportation facilities, telecommunication and auxiliary services; to initiate an institutional reform whereby foreign capital could have one hundred per cent ownership, full repatriation of profits as well as enjoying other benefit, such as the maintenance of a free port, free convertibility, no exchange control in the entrepot, tax exemptions and export incentives; to create a non-inflationary public finance regime on the basis of the budget surpluses, a tight monetary policy and state intervention in the foreign exchange market; to improve social infrastructure by investing in education, health, social service and housing, and by intensifying the internal control of ethnic groups and labour (Chen, S., 1983, pp. 3-36).

Foreign investment played a key role in developing Singapore's export-oriented manufacturing industries. About two-third of foreign firms were from the United States, Europe and Japan. They had developed a network of subsidiaries and joint ventures in Southeast Asia, and wanted to use Singapore as a base for material or services needed by their industrial plants in this region. Foreign investment was directed into the industrial sector, in particular the petroleum, electronics, mechanical engineering, chemicals, transportation equipment and food industries. Foreign investment accounted for 86 per cent of total investment in the early 1970s, and 40~50 per cent of it was in the petroleum industry (Haggard and Chen, 1987, p.106). Petroleum industry exports accounted for 38.4 per cent of total manufacturing output, 18.4 per cent of value-added, and 30 per cent of total exports at the end of the 1970s (Wilson, 1972; Amjad, 1981; Garnaut, 1980). The derived energy products served labour-intensive industries, in particular the machinery and appliances industry. This industry, with its core in electronics, represented 25 per cent of manufacturing output, 32.3 per cent of value-added and 45 per cent of total exports (Mirza, 1988, pp. 89-96). At the end of the 1980s, foreign firms represented 25 per cent of the total manufacturing establishments and generated 58 per cent of employment, 68 per cent of value-added, and 87 per cent of direct exports (Deyo, 1989, p.23)

The industrialisation strategy, which was in favour of export-oriented investments, began to create serious structural obstacles for local firms (Deyo, 1981). Local firms, referred to by the government as the Small and Medium Enterprise (SME) sector, mainly concentrated on the tertiary sector, such as trading, finance, real estate and transportation. Throughout the 1970s, these local businesses did not receive more than 20 per cent of government incentives. Although businesses in the SME sector were traditionally strong, they found themselves in great difficulty in competing with foreign firms, especially in the key sectors of the economy. The SME sector however, accounted for 46 per cent of employment, 31 per cent of total value added and 20 per cent of direct exports at the end of the 1970s. But, their share of total output in the manufacturing sector fell from 61 per cent in 1963 to 21 per cent in 1983 (ARC, 1985).

Despite the oil crisis and the world-wide recession, Singapore's GDP growth remained very high - about 16.4 per cent in average - throughout the 1970s. The labour force participation rate reached 63.8 per cent. The inflation rate was kept consistently under 6 per cent except for a short period in 1973-74 (Appendix 1.1). However, it seems that export-led growth, which heavily depended on the large reserve of labour to keep wages below market level, was not without constraints. After the late 1970s, Singapore began to experience an increase in real wages. As labour costs continued to rise and labour became increasingly scarce, a number of foreign firms directed their investment to neighbouring countries, such as Malaysia and Indonesia (Pang, E. and Tan, C., 1983; Pang, E.,1985). The take-off of manufacturing industries in some Asian developing countries threw a dark shadow on the key sectors of the Singapore economy, such as oil-refining, textiles and the processing of primary products. The shipbuilding industry was also faced with strong competition from Japan and South Korea. GDP growth in the late 1970s, which was far below 10 per cent each year, demonstrated the slowdown of the economy. The share of gross domestic capital formation in GDP fell to 33.3 per cent in 1977 - 10 per cent less than that in 1971 (Appendix 1.1).

A state-led economic restructuring took place in the late 1970s in view of the fact that labour-intensive industries began to experience increasing difficulties in competing with the second wave NICs in the world market. The state acted with determination in 1979 to diversify and upgrade the existing economic system. The main aims were to transform production structure from traditional manufacturing industries and business

services to advanced services and high-technology industries, thereby taking Singapore out of competition with other lower-wage countries and reducing the reliance on labour-intensive industries for economic growth.[3]

To dislocate labour-intensive industries, incentives previously given to assembly operations, such as components production in electronics, were gradually withdrawn by the government (Pang and Lim, 1977). The government also introduced a new wage policy, recommending an average 20 per cent increase in real wages. The purpose was to force manufacturing firms to create skilled positions and to accommodate more capital-intensive processes for raising productivity (Lim, 1984). Public investment concentrated particularly on creating educational and technological infrastructures in furtherance of advanced production. Special incentives were introduced to encourage the establishment of research and development facilities, including plans for a science and technology park (Haggard and Cheng, 1987). Construction investment was increased and acted as a counter-cyclical device in the early 1980s to secure GDP growth, to control inflation caused by the new wage policy, and to absorb labour force displaced by the restructuring of the manufacturing industry. Domestic fixed capital formation, which was about S$ 6 billion, or 34 per cent of GDP in 1978, increased to S$ 18 billion, or 46 per cent of GDP, in 1984. During the same period, the percentage share of construction in domestic fixed capital formation increased from 41.3 per cent to 65 per cent (Appendix 1.1). The state also increased direct investment in social infrastructure, such as education and health services, for the improvement of human capital.

This restructuring strategy was challenged by the economic recession that followed. Manufacturing industries which were high on the government's list of priorities, such as electronics, and the ones which had the highest value-added, such as petroleum refining, shipbuilding and repairing, oil-rig construction, were still seriously affected by the decline in demand in export markets and the intense competition from neighbouring countries (Rodan, 1992, p.107). The radical wage policy introduced by the government actually discouraged further foreign investment in labour-intensive industries, in particular textiles, clothing and footwear. More companies moved their production plants near to their

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[3] Discussions of the restructuring strategy see Kuo and Chen, 1985; Lim, C., 1987; Haggard and Cheng, 1987; Chen, S., 1983.

final markets. The inflow of foreign investment was thus impeded (Asian Business, 1981).

Accordingly, serious stagnation occurred in domestic capital formation and the growth rate of GDP dropped sharply. Singapore experienced a recession in 1985 for the first time since its independence: GDP growth declined from 8.2 per cent in 1984 to -2.8 per cent in 1985. Industrial output declined by 8 per cent and gross domestic capital formation slipped by 6 per cent. There were a total of 96,000 jobs lost in a few months, with 46,000 of them were in the construction industry and 35,000 were in the manufacturing industry. The unemployment rate reached 6.5 per cent (Economic Committee, 1986). The spectacular bankruptcies of businesses (400 cases) caused the closure of the stock market for several days and seriously threatened the stability of the financial regime. All these made new measures, in particular wage increase and construction investment, become questionable.

The reasons that caused the recession were investigated by an economic committee formed in 1985. From the official point of view, the economic recession was caused by a combination of external and internal reasons. The key sectors which had been the driving force for the economy, such as petroleum and petrochemical industries, shipbuilding and repair, were all in the course of decline due to the changes in global demand. The high-wage policy reduced Singapore's attraction to foreign investment and weakened its cost competitiveness in the international market. The weakness of domestic demand was caused not only by the slump in construction investment, but also by an excess of national savings which could not be diverted into productive investments (Economy Committee, 1986).

The state immediately executed new plans to gain recovery. A number of cost-cutting measures were introduced to stabilise the economy, including to cut off the employers' contribution to the Central Provident Fund (a social security programme), to freeze real wages for two years, and to reform the tax system. The 1986 budget plan introduced a first series of tax incentives by which company taxation was reduced from 40 to 33 per cent and the employers' contribution to the CPF was reduced from 25 to 10 per cent of employees' gross pay. Land sale and property development initiated by the public sector were cancelled or postponed. The construction of public housing slowed down and the total value of building investment dropped sharply.

The state also determined to improve Singapore's competitive advantage in the more integrated regional economy, which was by then largely influenced by the participation of China and other ASEAN countries.[4] To do so, the existing economic system needed to be not only upgraded but also diversified. One of the major aims of the national economic plan was to build up a strong base for service-sector growth, namely, to reinforce Singapore's role as a regional centre providing services and techniques to the producers of energy, raw materials and manufactured goods in neighbouring countries. The existing function of the city as a financial and command centre for international co-operations would be enhanced in order to compete in the globalization process. Also, it seems to have been necessary to constitute a favourable environment for domestic enterprises to grow, so that the economy would rely less on foreign investment. The expansion of local small- and medium-sized enterprises and the development of local entrepreneurship now assumed more importance in the official agenda (Rodan, 1989, pp. 190-98).

This policy was accompanied by various supporting measures. The state took the first step of disengagement from control of production. Many public-owned enterprises would be privatised to encourage the participation of domestic capital. The government offered substantial assistance to local firms by giving funding and incentives, helping the further education and training of the labour force, and facilitating technology transfer for the improvement of productivity. Local firms were encouraged to adapt to the demands of the most advanced sectors of international capital. In doing so, sub-contracting ties between foreign-owned service industries and local firms were also arranged (Chen, K., 1979; Lim, C., 1980; Pang, E., 1982). This orientation, however, appears to have given some balance to the national economy which had been directed by an out-looking policy for decades.

In sum, Singapore's economic growth can be ascribed to a high rate of investment over a sustained period of time. Gross domestic capital formation was about 40 per cent of GDP during 1970-89. This investment came from two major sources: an exceptional growth of gross national savings, which reached 41.3 per cent of GDP in the 1980s; and

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[4] The Alliance of South East Asia Nations (ASEAN) was formulated in 1967 to diffuse political conflicts among its member states, including Indonesia, Malaysia, Thailand, the Philippines, Singapore and Brunei.

a net capital flow from direct foreign investment, which represented 15 per cent of GDP during the same period. Gross national saving in particular, was the major driver of domestic investment. The amount of gross national savings were equal to 65.4 per cent of gross domestic capital formation in the 1970s, and this percentage increased further to 97.9 per cent in the 1980s. Most domestic savings were generated by the public sector. The public sector accounted for 55 per cent of gross national savings in the 1980s. The CPF along accounted for 24.4 per cent of national savings and was almost equal to 70 per cent of the total amount of private savings in 1985 (Appendix 1.1, 1.5). This large volume of public savings enabled the state to use strategic development expenditure as a major device to guide the direction of the economy (Lim, C., 1991, p.201).[5]

The developmental state plays a key role in Singapore's economic success. Economic development has been achieved by the strong commitment of the state elite, and by their comprehensive plans which can make the progress conform to changes in the global market. Drawing on these, one might start to ask what are the essential pre-conditions which enable the state to enjoy relative political autonomy and give it the freedom to rebuild a planned society. In what follows, I provide a historical analysis of how the ruling elite acts against possible challenges from social forces. It reveals some basic features of the political regime and local society and changes in their mutual relationship. Thus it may prove helpful for a proper understanding of the reasons why national interest and the demands of the state elite can always be satisfied.

3.3 State-Society Relations: From Paternalistic Authoritarianism to Political Corporatism

Under the banner of 'struggle for survival', Singapore has experienced uninterrupted one-party dominance for over thirty-seven years. The ruling party - the People's Action Party (PAP) - is not only characterised by its faith in economic development, but also by its maintenance of political stability, control over political dissidents and strict definition of social relations. The government has made every attempt to prevent social groups from acquiring autonomy from the state. This reflects itself in the varied means used to

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[5] For detailed discussion see Krause, 1987; Lim, C., et al., 1990; Lee and Low, 1990, Low, L., 1991.

manage its relationship with political dissidents, the local power elite, ethnic groups, the trade unions and other social forces in local society.

The power consolidation at the earlier stage of the nation-building process involved harsh repression on the political opposition. The Internal Security Act (ISA) was introduced by the state in 1963. The ISA allowed the government to arrest citizens for unspecified charges and hold them for two years without trial. Shortly after the release of the ISA, one hundred and eleven people, including twenty-four executives from the Barisan Socialist Party (BSP), fifty executives from thirteen pro-BSP trade unions within the Singapore Association of Trade Unions (SATU), five left-wing journalists, and eleven students from Nanyang University, were arrested (FEER, 1963). The harsh practice of the ISA resulted in the elimination of the BSP and a significant decrease in pro-communist activities. From that time onwards, the government used repressive mechanisms, directly or indirectly, to prevent the development of any form of political opposition. Every sign of opposition was systematically accused of 'risking the very basis of the prosperity and stability of the country', and was eradicated on the authority of the law.

How to build up a relationship with the local power elite which are long-established in local society, is a crucial issue for many political regimes. In many developing countries, the local power elite, such as landlords and merchants, have had considerable autonomy from the state and a capacity to exercise influence against it if there is any danger from the state policies to their interests. The state could only put them down by the exercise of great violence. The situation in Singapore is different. Landlords appear to have been less dominant because Singapore, since its beginning, has been a peculiar city-state where there have not been many farm-holding areas. For the rural sector has been almost negligible, and so there has not been an opportunity for a strong landlord-class to emerge and exercise its power. However, in the initial stages of the nation-building process, two groups of the local power elite, the Chinese-dominated business and banking community, and the leaders of the Chinese associations, were influential in local society (Chen, S. 1975, pp. 17-24). The former was a direct result of traditional trade activities, and the latter developed on the interests and needs of different dialect groups (Tan, 1983, pp. 76-112).

The political influence of the traditional business class on society seems to have been limited in the post-war development. First, the relative importance of local enterprises

vis-à-vis foreign firms in the state's economic development plan was decreasing. The state administration, which was in favour of serving the demand of foreign firms, became more independent from the business interests of local merchants. Industrial development and the changing nature of external trade also created barriers for many local businesses which had involved in the traditional trade since the nineteenth century. Without the government's support, many of these businesses found it difficult to adopt the change in the national economy, especially under the competition of foreign firms. As a result, the number of local businesses sharply declined and their domination in both political and economic spheres became eligible.

Secondly, the leadership of the PAP, Lee Kuan Yew, and other core members of the party, have mainly come from an English-educated middle-class background and have attained their power without relying on the support of the local power elite, particularly the commercial and banking community. After the PAP taking over the government, there were not too many chances for the traditional business class to participate in the political arena. Also, in order to emphasis the 'cleanness, reliability and effectiveness' of the state bureaucracy, the PAP has always been very concerned about corruption and has made every attempt to prevent it (Quah, 1984b, pp. 295-98). The opportunities for corruption have been minimised through the exercise of the Prevention of Corruption Act and the Corrupt Practice Investigation Bureau, also through improvement in salaries and working condition of civil servants.

The Chinese associations, which developed along the lines of dialect groups, were spatially specific, as members from different dialect groups tended to live together and build up their mutual support in a form of community. Public housing development and slum clearance initiated by the government in the 1960s re-allocated the population to the newly-built public estates, thus breaking down the social and spatial organisations of the Chinese communities. The Chinese associations therefore became less influential since their services were no more needed. Also, the government actively promoted new forms of civil organisations since the 1960s to counter the influence of the Chinese associations. It is estimated that some 175 Community Centres and about 300 Citizens Consultative Committees were firmly established in the public estates (Wong and Chen, 1977, pp. 17-24). These committees, with their permanent members nominated by the PAP, were brought under the control of a statutory body - the People's Association -

whose staff reported to the Prime Minister's office regularly. They organised civic and social activities, and played the role in mobilising grassroots support for the PAP. As a consequence, the number of traditional associations declined and the traditional leadership based on these associations was gradually displaced.

In short, during the first decade of Singapore's independence, the power challenge to the political leadership, mainly from left-wing opposition groups, was completed eradicated through the harsh practice of the Internal Security Act. The influence of the traditional business class and the Chinese associations also became very limited by all kinds of circumstances. All these freed the state elite from having to deal with political opposition groups or the local power elite, and thus gave them more autonomy to change the organisation of society to an ideal form which could sustain political stability and economic development. From that time onwards, the management of ethnic relations, which was the foremost objective linked to internal security, and the control of the trade unions, which was the very foundation of industrial development, came to the PAP's agenda.

Singapore is a highly heterogeneous society consisting of three major ethnic groups - Chinese, Malays and Indians.[6] The Chinese can be divided into twelve dialect groups. Five out of them have more or the same population as the Malays and the Indians. The Malays and the Indians are also composed of many sub-groups on the basis of language, religion and customs. Apart from the above ethnic groups, there are also some small communities such as Jews, Nepalese and Filipinos. The complicated nature of ethnic composition is a legacy of Singapore's historical position as an entrepot on the cross-road of sea trade.

The conflicts among ethnic groups, particularly between the Chinese and the Malays, had been long rooted in the Malay region on grounds of economic interest. In much the same way, ethnic groups in Singapore had nothing in their culture, role and experience that could have enabled them to develop any emotional ties with each other. As conflicts and violence among different ethnic groups on this island developed since the nineteenth century, to create a harmonic relationship amongst these ethnic groups was a difficult task (cf. Clutterbuck, 1984; Lee, P., 1978). During the colonial period, racial harmonisa-

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[6] In 1970, ethnic composition in Singapore was as follows: Chinese 76.2 per cent, Malays 15 per cent, Indians 7 per cent and others 1.8 per cent (Census of Population, 1970, Singapore).

tion could be best maintained by segregation. The colonial government defined separated ethnic areas in the city, which were known as Chinatown, Little India and Kampong Glam, and then located different ethnic groups to different areas. Social contact amongst ethnic groups was minimised against the possibility of violence and conflicts (cf. Wee, V., 1988; Neville, 1966; Cheng, L., 1985). However, racial segregation could only prevent the conflicts from emerging to the surface but did not provide any real solution. During a short period when the Japanese occupied Malaya and Singapore, the Japanese used the Malay police against the Chinese and the Indians. This added to the latent confrontation amongst ethnic groups on this island. A serious racial riot broke out in Singapore soon after the Japanese surrender in 1945, in which the Chinese and the Indians stood together against the Malays. The tension was not defused before the returning British were able to control the critical situation.

The PAP realised that any form of repression of the Malay minority in Singapore would not be tolerated by its two neighbouring countries - Malaysia and Indonesia, which had been faithful in protecting the Malay population and culture in the Peninsula. Also, maintaining balanced ethnic relations was the most efficient and least expensive way of diminishing racial conflicts, and hopefully, over a period of time, could create a cohesive community amongst all ethnic groups (Straits Times, 18, Jan., 1970). The concept of a multi-cultural society was at the centre of the blueprint for the management of ethnic relations and for the construction of a nation.

After the independence, the government moved quickly to ensure all ethnic groups that their interests and rights would be equally and safely guarded. The constitutional and legislative frameworks were reformed to give political recognition to the equal place of every race, and to enable all ethnic groups be protected by law with respect to their opportunities for education and work. Thus, 'social opportunities would be open to all citizens according to their intellectual skill and capacity for hard work rather than their ethnic, cultural or religious background' (Straits Times, 13, Apr., 1970). The principle of cultural pluralism, together with the ideology of meritocracy, were widely applied to education and labour policies. Altogether, they helped to enhance social harmony among ethnic groups and to stimulate their motivation to upward social mobility - which was considered to be an essential element of national development (Clammer, 1985, pp. 107-17).

The control of the trade unions was another crucial task. Before the independence, the federation of trade unions - the Singapore Trade Union Congress (STUC) - was divided into two factions on the ground of different prospects of industrial relations. The right-wing unions decided to form another body, the National Trade Union Congress (NTUC), and to corporate with the PAP. The dissidents who called themselves 'left-wing trade unionists' formed another federation - the Singapore Association of Trade Unions (SATU) and explicitly supported the BSP. Although the SATU gained a substantial support from workers, their influence was weakened following the defunct of the BSP and left-wing organisations. The PAP believed that 'political leaders must triumph over the trade unions', and this could be achieved by 'changing the ground rules to thwart the challenge from the trade unions, by using legislative and administrative powers, and when necessary, backed by the mandate of the electorate' (Quoted from Wong, S., 1983, p.265). Through the arrangement of the PAP, the NTUC replaced the STUC as the only legal representative of the trade unions. The top official of the NTUC, its secretary-general, was the second deputy prime minister of Singapore. Nine of twelve union officials were the PAP members in the parliament (NTUC, 1990, p.7). The NTUC became from the time onwards a mere sub-organisation for the PAP as the party was in power.

The government, with the support of the NTUC, passed the Industrial Relations (Amendment) Act and the Employment Act in 1968. It prohibited the trade unions from collective bargaining beyond the minimum standards set by laws. Additionally, collective bargaining was not allowed during the first five years of operation of pioneer industries in order to stabilise the labour cost in the new ventures. The purposes of these legislation were to restrict the scope of collective bargaining and the chances of labour strikes. The National Wage Council (NWC), consisted of representatives from the government, firms and the trade unions, functioned as a mediator to ensure that any dispute related to wages and working hours could be peacefully resolved. The NWC monitored the standards of wages every year, also provided the guidelines for annual wage increase. This aimed to convinced members of the trade unions that their interest and benefit were under the government's concern.

However, restrictions placed on the activities of the trade unions seems to have been accepted by the majority of the working population. The government was able to keep

low inflation and unemployment, negotiated wages and working hours with employers, and provided welfare services such as public housing, public health and education to the working population. Its collaborator, the NTUC, also engaged in developing services, such as co-operatives, transport, insurance and child care, for workers (NTUC, 1976, 1982). All these helped to enhance workers' sense of involvement both at symbolic and material levels. They came to posses a feeling of belonging to society and nation as their interests and needs had been safeguarded by the government (Nair, 1976, pp. 102-3). The industrial community became more like a moral community in which the paternalistic government provided for workers material needs and affirmed the dignity of their labour (Deyo, 1981, p.107). Under these circumstances, workers were poorly motivated to take any strong actions against their employers by themselves. Instead, they preferred to leave the decision to the discretion of the government and the NTUC. All these made legal strikes virtually impossible without the tacit consent of the government (Wilkinson and Leggett, 1985, p.12).

The influences of left-wing dissidents and the local power elite were eliminated. The trade unions and ethnic relations were well managed. Since then, there was no sign that a strong political opposition could be built on another ground. Although the state adopted a constitutional system very similar to the British system, public participation in politics was restricted. Singaporeans were told by the top leadership that 'if the government had got their priority wrong', which meant 'had placed emphasis on democratic forms instead of economic substance', their country 'would not have reached its present stage of development' (Straits Times, 17, Aug., 1984). The government made it very clear to the people that the cost of political participation outside the PAP was too high. The one-party regime along with paternalistic authoritarianism hardly gave room for democracy.

Under these circumstances, policies were formulated in a relatively isolated environment in which the government had considerable scope to decide what it believes to be most appropriate (Crouch, 1984, p.22). The state was a technocratic apparatus comprised of civil bureaucrats, including permanent secretaries, chairman and directors of statutory boards and other top civil servants, all of whom were carefully selected for their education and competence. The top technocrats were given absolute power in the decision-making process. For them, policy-making was in the domain of the government, not 'a playground for those who have no talent, no responsibility to the people, and who

are not answerable for the livelihood or survival of Singaporeans' (FEER, 12, Oct., 1989). Individuals or civil organisations also did not have the chance to participate in the decision-making process, even if their interests were affected.

Furthermore, in order to mobilise support for official policies and to influence public opinion, numerous measures were implemented by the political regime to control the mass media. The government exerted direct control over the press by using its legal right to inspect the financial management of newspapers and to nominate their shareholders. On the authority of the Newspaper and Printing Press Act, which was passed in 1974, the government was entitled to withdraw permissions given to newspaper and publishing companies without notice. As a result, most of the newspapers were forced to collaborate with the government and act as its propaganda voice.

Singaporeans were also told by the leader of the PAP that 'every society depends for its survival on the talents of a mere 5 per cent of the population', namely, the state elite. In his words, the PAP - a party composed of a group of cohesive and homogeneous elite, including senior civil bureaucrats, professionals and politicians - 'has the most talented people in the government'. Singapore was organised around a group of state elite, so, 'if you kill the 200 at the top and the 1,000 at the base with a single blow, you will have destroyed Singapore' (quoted from Josey, 1968, p.381). This elitist version represented not only the leader's self indulgence but very much a realistic reflection of the relationship between the state and society in Singapore. It appeared that the remarkable growth of the economy during the 1970s and the role of the state in providing the infrastructure needed for economic and social development, actually convinced the majority of Singaporeans that without a powerful state and a stabilised political environment, Singapore would not have been able to achieve its success. Thus, society as a whole, gave priority to internal cohesion and political stability in the interest of economic development at all costs. The 'genius' of the political leadership and his elitist assumption were beyond any doubt (Vasil, 1984, pp. 114-53).

Nevertheless, after one decade of economic development, a fundamental change in employment began to take shape. The growth of the manufacturing and service sectors generated more knowledge or skill-based employment. The expansion of government activities into physical and social development, especially in education, public housing, medical care and social services, entailed a need for more institutions and civil servants.

Consequently, more professionals and technocrats were recruited into the public sector (Chen, S., 1975, pp. 21-25).[7] All these had direct impact on the occupational structure. It is estimated that administrators, executives, managers, professionals, technicians and clerical workers - which collectively represented 23.2 per cent of the workforce in 1970 - increased to nearly 30 per cent in 1980. Accountants, economists, legislative officials, system analysists, general managers, production and sales managers, which altogether represented 53.8 per cent of the total number of the manager/professional category in 1970, reached 93 per cent in 1980 (Census of Population, 1980). It is generally believed that Singapore became an affluent society with a sizeable middle-class which had much greater exposure to the lifestyle and political culture outside the city-state (Rodan, 1993). These changes opened up the avenues of choice and individual preference, and made an interventionist ideology harder to work.

During the Anson by-election in 1981, the PAP lost two seats to the Workers' Party (WP) for the first time in history. Anson was an electorate where the local population was well-educated. It revealed that middle-class citizens had subscribed to the liberal notion of an opposition as an important element to keep a government accountable. Although the election result hardly presented any practical problems for the government in a 79-member assembly, and certainly did not in itself constitute political instability, the PAP was frustrated by this unexpected defeat. The WP members were faced with a hostile and dismissive attitude by other PAP members in the parliament. The top leader of the PAP publicly claimed that opposition groups would 'make no difference to a good government' and 'raise false hopes of easy give-aways from the imaginary pie' (Straits Times, 15, Dec., 1981). The message spelt out was very clear: 'Singapore has no place for a political opposition'.

The PAP made a number of significant moves to tighten political control - both over the party itself and over the wider structure of society. The government took the initiative in changing the structure and ownership of some of the local press which were considered to be the collaborators of the opposition candidates in the by-election. To prevent the opposition from winning more votes in the coming general election, the PAP

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[7] The Singapore Civil Service consisted of fifteen ministries and more than eighty public agencies, employing 187,000 civil servants. They accounted for 14.9 of the working population, or 7.1 per cent of the total (Ministry of Culture, 1984).

launched a campaign of social mobilisation in 1984, which, under the slogan of 'Total Defence', against the latent crises (Straits Times, 6, Mar; 23, Feb.; 1, May, 1984). The Total Defence Campaign involved several social mobilisation programmes. Among, these, the Social Defence Programme aimed to 'unify the population around the values which most citizens were able to identify'. The Psychological Defence Programme sought to 'protect the young generation from the potential danger of certain Western values, or from over-dependence on material comfort and welfare' (Ibid., 18, Jan., 1984). For the government, 'history has always been full of threats', so the most important thing for them was to 'take precautions long before the threats become unmanageable' (Ibid., 20, Nov., 1984). These campaigns seem to have been characteristics of the 'crisis management' that reflected what a PAP member called the 'crisis mentality' of his own government (Ow, C., 1984, p.377).

The nature of the political regime remained largely unchanged. The government introduced a population policy in the early 1980s, intending to encourage unmarried graduate women to marry, and those who were married to have more children. The less educated women were inveigled to stop at one or two children in lieu with a cash grant in their social security fund. From the leader's point of view, 'a thinning of the talented gene pool is likely to happen if the non-talented genes continue to expand'. This trend will bring 'a disaster to this island nation whose only resource is human intelligence' (Straits Times, 15, Aug., 1983). Many educated women were furious at this policy even if they actually constituted the privileged segment of the population. The government was condemned for its 'genetic determination' and 'intrusion of the private domain' (Straits Times, 2, Mar., 1985). A liberal politics was in demand and a pressure for a credible opposition party in the parliament to examine the government's overly interventionist stance began to build up.

The result of the general election in 1984 did not only see the return of the Workers' Party (WP) but the entry of the Singapore Democratic Party (SDP) to the parliament. The opposition vote increased to 37 per cent for the third consecutive time - a clear 13 per cent swing against the PAP. The popular demand for a political opposition to 'keep an eye on the ruling party', became evident (Straits Times, 10, Apr., 1985). More interestingly, according to a post-election survey, the anti-PAP vote did not only come from electorates where the residents were more well-educated or were in managerial/

professional occupations, but also from areas where there was a large concentration of traditional trade business, blue-collar workers and non-supervisory white-collar workers (Rodan, 1992a). As mentioned before, Singapore's industrial development was dualistic, with local manufacturers supplying the domestic market but more government attention and incentives were directed towards foreign firms competing in the global market. This industrialisation strategy carved a niche for Singapore in the international economy but created structural obstacles for the national bourgeoisie. Their discontent seems to have also come to the surface.

The loss of seats in the general election came as a shock to a party which had so accustomed to a total dominance of the parliament. Worse than that, in the following year, Singapore witnessed a negative growth rate first time in its history. The government's ability of keeping up economic growth was also for the first time in dispute. For the PAP, this was far more serious than losing some seats in the parliament because economic viability was the very foundation of its political legitimacy. A new wave of political consolidation was sought during the current delicate period of transition.

The PAP made an attempt to stem the tide of serious opposition on the one hand, and to project an image of political tolerance on the other. On the eve of the 1984 election, the PAP was keenly aware of the situation and modified the electoral code to create an artificial parliamentary opposition - the NCMPs. The existence of a few opponents in the parliament, for the PAP, 'might help to sharpen up the skill of the PAP's emergent new generation of leaders' - the so-called 'New Guards' (Straits Times, 20, Dec., 1984). Three PAP elected candidates were forced to withdraw in favour of the opposition candidates who had obtained the best results (Ibid., 25, Dec., 1984). These opposition candidates became non-constituent members of the parliament. They did not have voting right but could speak on any issues.

To tackle the problems presented in the general election, a solution was also sought within a new policy-making formula. The government attempted to channel dissent through its own institutions and away from opposition political parties or civil organisations. During the period of 1986-88, there were a range of initiatives from the PAP to provide alternative avenues for public involvement in policy debate. The Feedback Unit was established under the government to receive opinions and to respond the requests of the public. The Town Councils came into existence to look after the

welfare of the people living in the public estates. The Government Parliamentary Committees was also set up to dealt with racial issues. The SME sector was given greater importance on the official agenda. The Small Enterprise Bureau (SEB) was established and gave some chance to the SME sector to take part in the decision-making process.[8] Regular meetings and consultation were arranged by the SEB to open the communication between local entrepreneurs and the government administration (Ong, K., 1987, pp. 55-66).

To gain economy recovery quickly, the state also saw a need to enhance its control over labour. It first stepped up the placement of party personnel in key positions of the NTUC in order to enhance the institutional structure of the trade unions. Also the PAP called for a collectivist approach to industrial relations. It identified the Japanese system of industrial relations, characterised by a close co-operative spirits between employers and employees, as a suitable model for Singapore.[9] Three objectives were to unfold: to promote the establishment of a greater number of house unions, to apply a Japanese-style management, and to adopt some form of company welfarism. The government issued a series of national campaigns to inspire workers with ideas such as 'team work', 'group interest' and 'firm as a family'. These ideas, which aimed to build up a closer relationship between employers and employees, had their roots in the paternalist tradition in the Asian community. Hence, the use of traditionalism at this stage can be seen as a fundamental attempt made by the state, at ideological level, to reshape the attitude of workers and to promote a devotion to corporate objectives.

However, for a collective sentiment to emerge, a soul-searching process began. The government intended to promote a national ideology, what came to be officially referred to as a set of 'shared values', in order to pursue a strong sense of 'collective survival and group interest' (Speeches, 1989, p.82). Not coincidentally, a strong advocate of the preservation of traditional cultural and values came on to the agenda at the same time. Traditions and histories were re-invented to suit the ambition of the state elite to advance their development programmes. All these suggest that the ideological system was

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[8] The Association of the SME was established in 1986 as an organisation to represent small enterprises. The fundamental objective has been to win a degree of state support for Singapore-based firms and to prevent private local capital from being squeezed out by foreign co-operations.

[9] Japanese firm structure has been described as a family unit. Some basic benefits such as housing, recreational facilities, job training, health care, saving and insurance, etc., are offered to employees. These are important factors to stimulate employees' concern with or loyalty to the firm (Ballon, 1966).

strongly linked with the political and economic systems (cf. Clammer, 1985; Benjamin, 1976; Chiew, S., 1990). This will be further examined in the coming section.

A political consolidation process, for re-gaining internal stability and economic recovery, was initiated by the state since the mid-1980s. The various modifications to the political system were principally designed to channel dissent through the PAP controlled institutions. The political agenda was still decided by the government. Strict limits continued to be placed on civil and political life. For instance, on the authority of the Internal Security Act, the government imprisoned 22 members of a Catholic organisation in 1987, without any trial. The Christian Conference of Asia was dissolved with five Christian missionaries were expelled. They were accused of being involved in a 'Marxist conspiracy' and using religious activities as 'a cover for political agitation' (FEER, 4, June, 1987; 14, Jan., 1988). On the authority of the Newspaper and Printing Press Act, some foreign newspapers and periodicals were accused of interfering in Singapore's domestic politics. Accordingly, their circulation was suspended.

The political leader has re-asserted his convictions on the limit to democracy by arguing that the people should 'leave the government to decide what is right'. For him, Singapore will not make further economic progress, if the state does not intervene in very personal matters - 'who your neighbour is, how you live, the noise you make, how you spit or what language you use' (Lee Kuan Yew, 1989, Speech in National Day Rally). Hence, politics in Singapore has always been practised within a framework of centralised decision-making (Speeches, 1989, p.82). Although the consultative decision-making has become the hallmark of the new administration, it seems to be no more than a change in style masking the PAP's determination to maintain a monopoly on power. The state is still to a large extent freed itself from the need to respond to political pressures from social forces (Rodan, 1992, pp. 3-17).

3.4 The Construction of Nation-Statehood: Cultural Pluralism and Shared Values

Singapore is a place where the Chinese are the dominant majority in terms of population. Many in the Chinese community have viewed Singapore as 'their place' and have intended to organise the polity and society in terms of their own aspirations, interests and priorities. The appearance of Chinese nationalism in the Chinese community in the first

place was closely linked with the eight-year Sino-Japanese War in China. The Chinese associations in Singapore were actively involved in anti-Japanese activities while this island was occupied by the Japanese army during the period 1942-45. Many Chinese who were mainly taught in community-run Chinese schools, also took part in the radical student movement and the anti-colonial struggle, by which they developed a very strong sense of Chinese nationality and urged to construct Singapore as a Chinese nation. This strong sentiment even turned a boycott of the British-institute national service in 1954, mainly initiated by Chinese middle-high school students, into a bloody riot (Nair, 1976, pp. 26-39). Under these circumstances, one might argue that the PAP could easily seize the advantage and build a national identity on the basis of Chinese nationalism. Yet the PAP seems to have been more hesitant to move on.

For Singapore, the costs of encouraging Chinese nationalism seems to be too high. Singapore is an island nation with an overwhelming Chinese majority, but is surrounded by countries where anti-Chinese sentiments have been long established. After the Second World War, these countries were sceptical about Communist China's further military invasion. Singapore government thus tried to avoid being perceived as 'the third China' by playing down Chinese nationalism on this island. Also, the Chinese community in Singapore itself was not homogeneous and was formed by many dialect groups. They were also divided between those who were schooled in different language streams - the Chinese-educated and the English-educated - since the colonial period. The English-educated Chinese were in a superior position in the educational and occupational structure because English had been the dominant working language in the colonial administration (Kwok, K., 1991, p.11). In addition, while China turned communist in 1945, Chinese nationalists in Singapore were divided into two strands - the left was influence by the Communist Party of Malaya in Malaysia and the right was organised by the Kuomintang (KMT) in Taiwan. Two strands competed vigorously for the allegiance of the trade unions and university students. Hence, on ground of different education, occupation and political belief, there was no common consent to Chinese nationalism amongst the Chinese community.

After the independence, the state rejected any forms of racial and cultural chauvinism starting from its foundation. The history of Singapore has been read, officially, as an evolutionary progress which began with the arrival of Stamford Raffles in 1819. The

denial of pre-colonial history has helped to balance different ethnic culture in society and enabled the state to claim its independent statehood (Preston, 1989, pp. 13-4). Instead of building a national identity on the basis of one particular culture, the state has ensured each culture a equal place through the reform of the constitutional framework. To create a sense of unity, the state has decided to break down communal barriers through cultural, education and language policies. The result is, and will continue to be, an ideology that embodies cultural pluralism and multi-lingualism as the central cultural element.

Following the principle of multi-racialism, Singapore has had four official languages: Malay, Mandarin, English and Tamil. Malay has been used in the public setting and served as a ceremonial language of the national anthem and military commands. The government has used a national system of education as a key institution in creating an integrated multi-racial society. At the suggestion of the 'All-Party Report on Chinese Education' - a report published by a commission set up in 1955 to exam the student riot - the government decided to introduce compulsory bilingualism into its education system (Singapore Legislative Assembly, 1956). This bilingual language policy had three main functions: to facilitate communication among ethnic groups, to reduce the inequalities in occupational opportunities between the English-educated and the vernacular (i.e., the Mandarin-, Malay- and Tamil-educated) in monolingual schools, and to raise the standard of the labour force for international co-operation which was essential to economic development. The bilingual education in both primary and secondary schools became compulsory in 1966. English was taught as the second language in the Chinese-stream schools, while Mandarin, Malay, Tamil were made the second languages in the English-stream schools. Interestingly, all schools taught mathematics and science in English, and social and humanist subjects in the 'mother-tongue' language (Waldhauser, 1969, p.65). For the government, the use of languages such as Chinese, Malay or Tamil in these subjects was needed to enhance the moral value of young citizens, enabling them to obtain a sense of discipline and positive attitude towards work and civic responsibilities (Straits Times, 5, June, 1973).

However, English has always been the most popular language in society, due to its comparative economic advantage. Not surprisingly, enrolment in the Chinese-streams schools continually declined, and dropped to only ten per cent in 1975. The only Chinese -stream university - Nanyang University - was finally incorporated into National Univer-

sity of Singapore in 1980, which, 'effectively played down a distinct achievement of the Chinese-educated in anti-colonial struggle and destroyed a powerful symbol of Chinese opposition power' (Gopinathan, 1994, p. 88). A sense of helplessness and pessimism emerged amongst the Chinese-educated population, particularly in the older generation. They began to push the government for the resuscitation of Chinese education and the preservation of Chinese heritage (Kwok, K., 1994, p.18).

Also, after decades of economic growth, the state elite were alarmed by the change in family relations, the increasing number of abortion, divorce and the rise of crime and drug abuse. In tracing the causes of the perceived 'moral crisis', the public discourse took a view that the Western values which attach to English had eroded the foundations of society. The PAP leadership sensed that the population was increasingly exposed to what the politicians perceived as potentially 'negative' foreign cultural influences. For the PAP, a combination of individualism, hedonism, self-centred and anti-social behaviour - regarded as 'Western values' - had undermined the traditional work ethic and group solidarity, thereby threatening the social fabric of society (Koh, T., 1981, p.294).

It was against these backgrounds that some soul-searching began to take place behind closed doors. The government intervened at the national level to move language policies into a new direction, making efforts to diffuse discontent amongst the Chinese-educated population. A Speak Mandarin Campaign was launched in 1977 to encourage the use of Mandarin as a common language among the dialect groups of the Chinese community. This campaign was actually a balancing move to reassure the Chinese community that their cultural heritage remained a primary concern of the government. A comprehensive review of education policies was conduced, leading to the release of the New Education Report, followed by the agenda on Moral Education, both in 1979. Three years later, the government launched another national campaign to place Confucian ethics and religious knowledge in the national curriculum, as cultural ballast against the influx of Western decadent values (Kuo, C., 1992, p.5; Chua, B., 1995, p.5).

In fact, traditionalism was promoted with a very clear political purpose. Confucian values of strong government leadership, harmony and trust were stressed in public discourses, particularly when the PAP was fighting against election failure and economic recession in the mid-1980s. For the leadership, Confucian values such as the notion that the government should be led by honourable men (junzi), who have a duty to do right for

the people and who have the trust and respect of the population, 'fit better than the Western idea that a government should be given as limited power as possible, and should always be treated with suspicion unless proven otherwise' (President Office of Singapore, 1991, p.1). This official interpretation illustrates how ideas from tradition were used for contemporary political legitimisation. Many other Confucian ideas such as giving importance to human relationships, placing society above self, and, respecting for authority and leadership, were all perfectly compatible with a political condition preferred by the state elite.

However, Confucianism itself could not be justified as the base for a national ideology because the multi-racial nation had to receive legitimisation on the basis of an overarching ideology shared by all groups. For a collective identity to emerge, the White Paper on 'Shared Values', was released in the late 1980s. The government called for appreciation and respect for the traditional social values of different races. It identified five essential Asian values: placing society above self; upholding the family as the basic building block of society; stressing racial and religious harmony and tolerance; providing community care and support for individual (Chua, B., 1995, p.15). Whether these selected values are exclusively Asian values is highly dubious (Straits Times, 25, Aug., 1984). What is beyond doubt, however, is that the government were keen to establish a basic duality - Asian culture versus Western culture - in the construction of a national identity, without too much reference to their internal diversity (Clammer, 1985, pp. 23-9). This has been useful to the government in two main respects. One is to justify the state's intervention in what is considered to be either helpful or harmful to political-economic interests. The other is to provide the base for social integration and form the base to build the spirit of a nation.

Taiwan
3.5 The Developmental State in the Global Economy: The Triple Alliance amongst the State, Local Entrepreneurs and International Capital

Taiwan's particular geo-political situation made economic development a necessary means for the KMT regime to maintain its domination of national politics and to compete with the Chinese communists as a government of the whole of China. At the initial stage,

the government's major concern of economy was to control the inflation rate and to establish basic self-efficiency. To restore the financial stability, a new monetary policy was formulated to allow the state to monopolise the banking system and to control foreign exchange. The problem of inflation seems to have been solved after a huge inflow of the aid from the United States (Jacoby, 1966). Throughout the 1950s, United States aid accounted for 40-50 per cent of gross national savings and financed nearly 80 per cent of Taiwan's trade deficit. The inflation rate was thus reduced from 800 per cent in 1950 to 23 per cent in 1955 (Shen, 1970, p.40).

According to the Council for United States Aid (CUSA) - a central economic planning group formed by the United States advisors and the KMT technocrats in 1949 - the restoration of the agricultural sector, which had been damaged during the war, should be given top priority. They established the Sino-American Joint Commission for Rural Reconstruction (JCRR), a co-operative body between the United States aid agency and the KMT personnel - to carry out land reform and agricultural innovation. Several land reform measures were introduced (Tsai, H., 1989, p.171). Farm rents were fixed at a maximum of 37.5 per cent of the total annual yield of the main crop. This impeded landlords' interest in making profits from renting out their land. Then, over the next three years, public-owned farm land was leased or sold to tenant farmers. Privately-owned farm land which was in excess of the retention limit was compulsorily purchased by the government for resale to its incumbent cultivators. Land owners were paid 70 per cent of the purchase price in government bonds, and another 30 per cent in shares in four state enterprises shortly to be transferred to the private sector. They could also use the capital they received from the government to re-invest in new industries. These measures led to a decrease in the number of tenant farmers and an increase in small landowners. Owner-cultivators increased from 57.12 per cent of all farming families in 1948 to 80.76 per cent in 1959 (Koo, Y., 1968, p.39).

The government also distributed tools and chemical fertiliser and provided credit and loans to farmers, in return for cereal outputs. Much of US aid was used to repair war-torn rural infrastructure, mainly for irrigation and flood control (Amsden, 1985, p.85). As a consequence, agricultural productivity was largely improved. Between 1951 and 1955, 25 per cent of the total gross fixed capital formation took place in the agriculture sector (Ho, S., 1978, p.233). Also, the agricultural surplus, instead of going to the

landlords, was now directly controlled by the state. The agricultural sector provided jobs for 54 per cent of the work force in the mid-1950s. Net real capital flow from agriculture rose an average of 10 per cent (Amsden, 1979, p.353). However, land reform and agricultural innovation helped first to control the land and the productivity of the agricultural sector, then to transfer both capital and labour force into the growth of the industrial sector.

The central planning body - the Economic Stability Board (ESB) - formulated its first 'Four-Year Economic Development Plan' in 1952. This plan revealed the government's intention to obtain self-sufficiency, i.e. gradually to change the national economy from reliance on financial aid to the development of a domestic-sector industrial base. This, generally referred as an import substitution strategy, first targeted some industries which had been developed by the Japanese, such as heavy industries in both rural and industrial sectors; also those supporting infrastructures such as transportation facilities and banking institutions. Many of them were nationalised and placed under the direct control of the central government. In 1955, total industrial production by state enterprises represented 51.1 per cent of all industrial production (Duan, 1992, pp. 173-89).

The textile and food industries were also targeted as strategic sectors. Many factories in both sectors had developed since the colonial period. The textile industry in particular, had expanded after the immigration of textile firms from China at the end of the war. The government initiated an 'Entrustment Scheme' whereby it supplied aid-financed imported cotton and wheat to the textile and flour-milling industries. The domestic market was also protected through control of bank loans and import licenses. For instance, import licenses were only granted to products on the condition that comparable goods were not produced domestically. Within a very short period, domestic industries, especially in the food and textile sectors, gained full viability. Industrial products were manufactured mostly for domestic demand.

The small domestic market was nearly saturated by import-substituting industries in the mid-1950s, especially textiles, wood products and rubber goods. The government was persuaded by the CUSA to direct the economy towards export markets, limit further expansion of state enterprise, and give greater support to the private sector. Thus, a economic reform initiated by the state during 1958-62 aimed to liberalise controls on

trade, stimulate exports and design a strategy to attract foreign investment, thus setting Taiwan on the course of export-led growth (Cheng and Haggard, 1992, p.8).

The government issued its second Four-Year Economic Plan in 1958. In this plan, certain key sectors, particularly the textile and electronic industries, were targeted as major export sectors. This judgement was subject to the existing industrial structure and the criterion of international competitiveness. The government helped these selected industries by providing relatively stable market conditions. It simplified the multiple exchange rate system, relaxed some import restrictions, and rationalised the allocation system for imports (Haggard and Cheng, 1987, p.115; Wade, 1988, pp. 57-8). The Nineteen Point Programme (NPP), implemented by the government in 1960, gave the industrial sector a leap forward into an era of export-led development. It offered a host of market incentives, such as bank loans and tax exemption, to selected industries. The Statute for the Encouragement of Investment (SEI) formulated in the same year extended a series of benefits to foreign and local firms. Foreign firms were allowed to have one hundred per cent ownership and freedom to remit profit. To promote further exports and foreign investment, the Kaohsiung Export Processing Zone went into operation in 1966.

The export-led development strategy changed the industrial sector from production for domestic demand to production for export markets. With the export-orientation in the economy, the industrial sector expanded by leaps and bounds. From 1960 to 1969, the share of agriculture in GDP declined from 28.5 to 15.9 per cent and the share of manufacturing increased from 19.1 per cent to 29.1 per cent (Appendix 1.4). Within the manufacturing sector, the electronic, textile and clothing industries became the largest industrial export sectors. The annual growth rate of GDP was 9.2 per cent on average in this period (Appendix 1.2).

The division of labour between foreign firms and local firms in the industrial structure was also determined by government economic policies. The government stimulated local firms into exporting, first in the area of domestic dominance - the textile, clothing and food processing industries. Fiscal incentives were given to local firms, which strengthened their capabilities until they could spearhead the export drive. Foreign investment was channelled into priority sectors such as the electronics and chemical industries, but away from those sectors which were mainly controlled by domestic capital (Gold, 1986,

pp. 82-7). Hence, unlike Singapore, the entry of foreign firms in Taiwan was not without constraints. The Investment Commission retained wide discretion in its decisions. It tightened control in order to limit foreign equity participation in certain industries under protection. Import control and local supply were used to force foreign firms to build linkages with domestic firms. It aimed at protecting domestic producers from foreign competition in the local market (Haggard and Cheng, 1990, p.116). As a consequence, foreign firms operated by a flexible combination of a decentralised network of Taiwanese firms acting as subcontractors. The large-scale assembly and manufacturing firms set up by the United States and Japanese investors spawned a plethora of small-scale local suppliers and assembly operations, to whose products the foreign investors would be committed by the terms of their investment licence.

As a consequence, Taiwan's economy began to be characterised by a proliferation of small- and medium-sized export-oriented manufacturing enterprises. These domestic-owned small factories were largely engaged in production and export. Foreign investment played an important but not dominant role. At the end of the 1960s, 87 per cent of factories were locally owned but 57 per cent of large factories (with assets in excess of NT$ 60 million or employ more than 300 workers) were wholly or partly foreign owned. Foreign firms made up 20 per cent of total exports every year and generated 18 per cent of total employment. Exports by foreign firms accounted for 82.9 per cent in the electronic industry and 93.9 per cent in the chemical industry. Small- and medium-sized enterprises, mainly locally owned, accounted for 34 per cent of total investment and generated 81.8 per cent of employment (Duan, 1992, p.261).

Taiwan's export industrialisation faced a bottleneck after a decade of rapid growth. First, industrial development relied heavily on the existing infrastructure left by the Japanese but these facilities were no longer able to accommodate the demands of the economy. Second, there was a growing dependence on the import of intermediate goods and an enlarged domestic demand from export sectors. All these inherent structural problems in Taiwan's internal economic organisation came to a head with the first oil price shock in 1973-74. The oil crisis increased the inflation pressure and reduced the competitiveness of export sectors. The growth rate of GDP dropped from 12.8 per cent in 1973 to 1.4 per cent in 1974 (Appendix 1.2).

To remove the development hurdles, the government recognised the need to upgrade infrastructure and to enhance the supply for export sectors. The Nine Major Projects were announced in 1973 (increased to ten in 1974), including plans for establishing the upstream and defence-related industries of steel, petrochemicals and shipbuilding, also for constructing of superhighways, seaports and electrified railroads. From this time onwards, the government began to be more directly involved in heavy industries, particularly the upstream petrochemicals, steel, shipbuilding and heavy machinery industries (Amsden, 1979, p.367; Gold, 1981, pp. 233-34, 269).[10] The main aims were to keep upstream activities under the control of the state, to encourage joint ventures with foreign firms in intermediate products, and to draw local private capital into downstream activities. Taiwan's economy passed through the shock of the oil crisis and managed to get back into its development again in 1976. The annual growth rate soon returned to 13.7 per cent and remained stable throughout the late 1970s (Appendix 1.2). Industrial output already made up 44 per cent of GDP, while agricultural output declined to only 7 per cent. The electronic industry had replaced the textile industry to become the largest export sector. Information and machinery industries also began to experience substantial growth.

However, the government recognised that an issue for economic development would be the transformation of current industrial structure into one that was more capital intensive. A Ten-year Economic Development Plan issued in 1979 emphasised the need to upgrade existing industrial structure and to move into specialised high value-added sectors (Chu, Y., 1989). Information and machinery were designated as strategic sectors. The government tried to establish linkages between local research institutes, local firms and foreign firms in the development of high-technology industries, particularly in the Hsinchu Science Based Industrial Park. Twelve Key Infrastructure Projects were implemented with the aim of improving communications and transport systems. A range of measures were in force to channel foreign investment into strategic sectors. To enhance the capability of local firms in these advanced sectors, alliances with foreign firms

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[10] The Ministry of Economics established 12 wholly-owned enterprises and 26 joint ventures. Up to the mid-1980s, these state-owned enterprises represented 57 per cent of total investment and generated 10 per cent of employment each year. State-owned steel and petrochemicals industries, in particular, accounted for 84.2 per cent and 40 per cent of the total investment in both sectors. They effectively controlled the supply of the mechanical, automobile, construction and textile sectors. See Duan, 1992, pp. 87-8.

through joint ventures were encouraged with several policy incentives were given to support joint ventures in strategic industries.[11]

Economic development was halted again in the mid-1980s because of new conditions such as the increasing pressure of the US protectionism, high labour costs and the lack of advanced technology. The export market was threatened as the formation of regional trade blocs in Europe and North America prompted Taiwan to take a provocative response, redirecting its trade flows and reducing its overall trade dependency on the United State. Due to the rise in labour costs, labour-intensive manufacturing industries which relied on cheap labour and assembly processes of relatively simple products, gradually lost their competitiveness.[12] Many of them moved to neighbouring countries such as China, Vietnam and the Philippines to seek cheap labour. Capital-intensive industries were also faced with the difficulty of technological innovation. The flow of new technology from Japan virtually dried up because Japanese firms were reluctant to provide key advanced technologies and inputs to potential competitors. The tougher enforcement of intellectual property rights in the United States also increased the difficulty in copying foreign technology. Ongoing stagnation occurred in domestic capital formation in the mid-1980s. The annual growth rate of export declined from its peak 53.8 per cent in 1976 to 16.5 per cent in 1981, and dropped to 1.5 per cent in 1985. The average profit rate of the manufacturing industry was above 8 per cent in the 1970s. It fell to 3.7 per cent and 4.6 per cent in 1980 and 1985 respectively. The annual growth rate of GDP dropped to 3.6 per cent in 1982 and 4.9 per cent in 1985 (Appendix 1.2).

Besides these issues, another problem related to the imbalance between national savings and domestic investment also came to the surface. After two decades of export-led growth, Taiwan ran the second largest trade surplus against the United States and accumulated the second largest volume of foreign reserves after Japan.[13] Gross national savings, which accounted for 24.9 per cent of GDP in 1980, increased to 37.4 per cent in 1986. A high saving rate and foreign reserves were countered by the relative low rate of

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[11] These industries were: communications, information, consumer electronics, semiconductors, precision machinery, aerospace, high-grade special materials, special chemicals and pharmaceuticals, and medical equipment.

[12] During the 1960s and the 1970s, real wages only increased 5.4 per cent every year on average. Real wages increased 15 per cent in 1980 and 18 per cent in 1985. See Chu, Y., 1994, p.37.

[13] Foreign exchange reserves reached US$ 30 billion in 1980 and increased ten times to US$ 300 billion in 1986. See Duan, 1992, p.164.

gross domestic capital formation in the mid-1980s. Gross domestic capital formation, which accounted for 33.8 per cent of GDP in 1980, dropped to 17.5 per cent in 1986. Gross national savings thus became as high as 224 per cent of gross domestic capital formation in that year. As domestic investment continued to decline, national savings and foreign reserve loomed in the government and the private sector (Appendix 1.2).

Unlike Singapore, Taiwan's national savings were generated mostly by the private sector. During the period 1980-1985, the private sector made up 67.5 per cent of national savings, while the government and the state-owned enterprises collectively represented 32.5 per cent (Appendix 1.6). The accumulation of a trade surplus and domestic savings in the private sector built up a tremendous demand for property and financial assets. According to a survey conducted in 1989 on twenty-two illegal investment companies which announced bankruptcy in that year, the total financial capital of these companies was as much as US$ 9.2 billion (Chi-Li Morning News, 23, June, 1989). The excessive demand started to wreak havoc on the real estate and stock markets. All these combined to create a huge inflation pressure and thereby threatening the viability of the long-standing national financial regime. It is clear that the imbalance between savings and investment became a serious issue.

Compelled by all these forces of circumstance, the government decided to take an initiative in economic liberalisation (Kodama, 1992). It first loosened its control over the import of goods and the flow of capital. A drastic tariff cut on industrial goods in 1988 reduced tax on 4,619 items by an average of 50 per cent. The domestic banking market, insurance sectors and stock market were also opened to foreign investors. The indirect investment in former socialist countries such as the Soviet Union and Vietnam, and even Taiwan's respective political rivals - North Korea and mainland China - was legalised by the government. From this time onwards, Taiwan's investment capital flowed rapidly into the Fujian and the Guangdong Provinces in China through a third country, usually Hong Kong or Singapore.[14]

An open-door policy to foreign investment came onto the agenda. The government became more aggressive in attracting a new wave of foreign-based capital to Taiwan. In the early 1990s, the government moved to slash all sectional restrictions on foreign

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[14] Detail discussion of Taiwan's investment in the mainland see Chin, C., and Chung, C., 1992; Investment Commission, Ministry of Economic Affairs, 1994; Mainland Affairs Council, 1994.

investment, launched a new pitch for foreign investors, and unveiled an all-encompassing plan to develop Taiwan into a regional operational centre for international co-operation (Economic Construction Committee, 1994). This plan identified six areas for future development, including a production centre for video and audio programmes, an air passenger and fright transhipment hub in greater China, a regional distribution and service centre, a financial centre, a telecommunication, data-processing and software development centre, and a research and development centre. In conformity with this plan, the government increased public investment in social and physical infrastructures to create a favourable environment for foreign-based capital.

To tackle the problem of increasing difficulty in obtaining advanced technology, the government encouraged joint ventures between Taiwanese companies and international co-operation. Large amounts of government funds were channelled into state research laboratories, universities, and state-sponsored R&D consortia, or were used to subsidise R&D activities undertaken by private firms. The share of the total R&D expenditure in GNP increased from 0.95 per cent in 1984 to 1.7 per cent in 1992. In strategic industries, the government subsidised private R&D projects up to 60 per cent of the total cost (Chu, Y., 1994, p.227). The state research labs and research organisations were also responsible for supporting private industries with prototype technologies. To encourage a shift from labour-intensive to capital-intensive industries, the government concentrated on assisting a few selected industrial sectors and excluded unproductive ones by applying a minimal-wage legislation.

Economic development is essential in Taiwan's nation-building process. The state has played a leading role in guiding the national economy through development strategies. Taiwan's economic strategy in the past made economic resources diffuse into a private sector largely controlled by Taiwanese family businesses. Since Taiwan's national politics was almost reserved for mainlanders, economic advancement and social mobility were made available for indigenous Taiwanese. It is believed that this arrangement was the result of the division of labour between the mainlander-dominated public sector and the Taiwanese-controlled private sector (Cheng and Haggard, 1992, p.10). This, however, must be carefully examined in the following section.

3.6 State-Society Relations: From Military Authoritarianism to Political Pluralism

Taiwan was a typical agrarian society embedded in kinship ties in extended family systems before rapid industrialisation began. The social bonds exerted their influence on the loyal relations between landlords and peasants. Thus, long-established landlord families became the natural leaders in the rural areas. Intellectuals and professionals represented another influential faction of local society. Many of them engaged in the anti-colonial struggle, and acted as mediators between the state elite in China and the native Taiwanese (Pang, 1983, p.25). Hence, before the nationalist government moved to Taiwan in 1949, local politics was controlled by a group of the local power elite: the native Taiwanese who owned land and knowledge. Landlords acquired importance in both county and provincial parliaments. Intellectuals also had the largest share among the state-level representatives (Lee, S., 1986, pp. 110-24; Pang, 1983, pp. 25-6).

The massacre in 1947 caused a great loss of the local power elite in society since many intellectuals involved were either killed or arrested by the nationalist army. After the KMT takeover, military force appeared to be the major repressive mechanism for the regime to exercise its political control. The first ten years after 1949 were described by the leadership of the KMT as a period for a 'life and death struggle'. To safeguard Taiwan and to recover the mainland, individuals were required to 'put national interest above everything, give full support to the government, and co-ordinate with the armed force' (Chiang Kai-Shek, 10, Oct., 1951). An 'Emergency Decree' was promulgated on Taiwan in 1949, by which martial law was effectively imposed.[15] Taiwan was legally put under the rule of the Taiwan Garrison Command Headquarters (TGCH). The TGCH had the right to determine when to restrict or prohibit the exercise of constitutional rights. For reasons of social order and public security, it was authorised to control every citizen's entry into or departure from the country, the publication of books and periodicals, meetings and rallies, On the authority of martial law, criminal offences by

[15] Through controlling the constitutional bodies, the KMT enacted the 'Temporary Provision Effective during the Period of Communist Rebellion'. It suspended some constitutional provisions, justified the application of martial law, and thus allowed nearly complete power concentration in the hands of President Chiang Kai-Shek.

civilians were handled by military tribunals. This provided the TGCH with a convenient method to manipulate judicial procedures for political purposes.

The leader of the KMT ascribed the party's traumatic defeat by the Communist party on the mainland to the party's inability to separate itself from landlords' interests. Although most of the KMT elite did not have any intertwined interests with the landlord class in Taiwan, they were well aware of the political and economic influence of this class as a dominant social force. A land reform was initiated in the early 1950s by the government, which successfully eliminated the power of the landlord class in the rural areas and thus gained support from small peasant proprietors. All these combined to have a direct result: the KMT elite were independent from the traditional power elite and had the freedom to engage in political control and economic transformation (cf. Fewsmith, 1985).

The leader also saw the KMT's failure in China as a result of 'the organisational collapse, loose discipline and low spirits of the troops and the party members' (Chiang Kai-Shek, 22, Jul., 1950). A supervision system was established in the National Army in 1950 as part of the KMT's readjustment to its failure on the mainland. From this time onwards, the intelligence system expanded to a great extent (You, Y., 1991, pp. 89-91). Seven intelligence bodies were established subsequently in the state apparatus.[16] Only two of them were organisationally independent of the military. In other words, the intelligence system has been an incarnation of the armed forces. The principal function of this security apparatus, not surprisingly, was to preclude Communist infiltration and subversion, and to quell political dissidents and the opposition movement. This security arrangement also assured the political loyalty of the military to the party. Thus the triangular nexus among the supreme leader, the party, and the military constituted the solid backbone of KMT authoritarian regime (Kerr, 1965, p.481).

The KMT also determined to control civil organisations such as trade unions, farmers' associations, irrigation associations, commercial and industrial associations and other major social interest groups. In the leadership's opinion, 'party members must be organised to form the basic units of society' (Chiang Kai-Shek, 4, Jun., 1950). The party

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[16] They were: the National Security Bureau, the Taiwan Garrison Command Headquarters, the Investigation Bureau, the General Bureau of Police Administration, the General Political Warfar Department, the Military Intelligence Bureau, and the Headquarters of Military Police.

maintained organic ties with many of these associations. For instance, each trade union had its own cadre committee, consisting of the union's general manager and officials who were also party members and periodically received training from the KMT's central cadre school. Party membership in these civil organisations was not compulsory yet was certainly encouraged (Tien, 1989, p.60). The party also operated hundreds of service centres, providing vocational training, job placement, free medical care and technical help to farmers and business organisations. These service centres seem to have manipulated large numbers of people who were easily mobilised to support the KMT candidates in elections.

The implementation of martial law since 1949 prevented the growth of the political opposition. Under the banner of national survival, 'those who dedicate themselves to that principle and march forward to the goal are the comrades; those who do otherwise are the enemies and undesirable elements of the nation' (Chiang, Kai-Shek, 1, Jan., 1951). The government immediately suppressed two opposition groups which emerged in the early 1960s.[17] Many political dissidents were arrested and charged with 'associating with communist agents'. They were sent to military court and imprisoned for ten years. The harsh practice of martial law left the KMT's opponents intimidated that they abandoned their scheme (Mendel, 1970, pp. 114-21). An appalling atmosphere of totalitarian rule alienated ordinary people from politics, thus weakening the possible resistance from local society.

Taiwan's international status was weakened when the General Assembly of the United Nations decided to accept the PRC (People's Republic of China) as the only representative of China in 1971. Accordingly, Taiwan was denied membership in all UN affiliated organisations. On the one hand, the concrete threat to national survival made the sense of crisis a common mentality of society, thereby legitimated the extraordinary power given to the state. On the other hand, the lack of international recognition gave rise to a call for national identity among the native Taiwanese. After the aborted effort to form a union of opposition, a group of intellectuals turned to express their dissent through publishing journals. They were initially patriotic but soon turned their attention

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[17] The intellectuals from the mainland, epitomised by Lei Chen - the editor of the journal Free China, advocated political reform and constitutional democracy. They endeavoured to join forces with some Taiwanese opponents of the KMT by proposing to form the Chinese Democratic Party (CDP).

to domestic society and politics. Since the early 1970s, they challenged the KMT and the way society was developing under their guidance, especially over the issue on the legitimacy of the parliament which never faced re-election for more than twenty years.[18] Not unexpectedly, these opposition journals were banned by the government and several liberal dissidents were arrested and imprisoned (Huang, 1976).

During this critical period, Chiang Kai-Shek's son Chiang Ching-Kuo, who was the premier of the Executive Yuan and who was expected to succeed the presidency from his father, took the first lead in political reform (Moody, 1992, p.77). This reform started with the party itself. The KMT was an exclusionary authoritarian party under mainlanders' domination.[19] Virtually all of the key posts in both the party and the government were held by mainlanders. Chiang Ching-Kuo intended to change the imbalance by recruiting more native Taiwanese into the KMT regime. At his discretion, three native Taiwanese were appointed to the Central Standing Committee (CSC) of the party.

Political dissidents, however, decided to form a political group at the time when the law still prohibited the formation of opposition party. A political organisation - 'Tang-Wai' (outside the party) was established in 1976 on the basis of a distinct Taiwanese identity. Tang-Wai published a journal entitled 'Mei-Li-Tao' (beautiful island) and used its offices as local headquarters for their members. The local election in 1977 saw a crowd of ten thousand gathered in Chungli Municipality to object the abuse of ballot papers by the KMT. It ended as a riot ensuring that was the largest public disturbance since the takeover. As a result, Tang-Wai candidates won many local and provincial offices, including twenty-two seats in the seventy-seven member Taiwan Provincial Assembly, and four out of twelve major or country magistrate posts. Tan-Wai activities' victory in local elections during the coming years marked the emergence of the opposition as a genuine political force (cf. Moody, 1988).

The succession in leadership after the death of Chiang Kai-Shek in 1975 brought a significant change into the KMT. Chiang Ching-Kuo was nominated by the KMT for the

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[18] The KMT preserved three bodies that were created by the 1946 constitution - the National Assembly, the Legislative Yuan and the Control Yuan. Mainlanders who were elected in 1946 to these three bodies would remain in office. The purpose was to reinforce the idea that the KMT would recapture the mainland. When hopes of recovery began to dissipate, the KMT maintained those members' position as a way to ensure its own grip on power over Taiwan (You, Y., 1991, pp. 69-73).

[19] The term 'Taiwanese' generally refers to those Han Chinese who had immigrated to Taiwan before 1949 and the offspring of those people. The term 'mainlander' refers to Chinese who either came from the mainland after 1949 or are the Taiwan-born offspring of those people.

presidency and formally elected by the National Assembly in 1978. Some Taiwanese party members were promoted to the upper-middle ranks. Taiwanese representation on the CSC increased to 33 per cent and Taiwanese membership in the KMT also rose to 60 per cent (Wang, 1988, p.11; Cheng and Haggard, 1992, p. 41). Similar reforms also took place in major government appointments, military corps and three parliamentary bodies. His reform, generally described as 'Taiwanization', had two clear implications. One is that the role of the native Taiwanese in the political arena was to be enhanced. The other is that the legitimacy of the KMT regime was to be modified to depend increasingly on its governance of Taiwan, rather then the fictitious claim of sovereignty over mainland China. The political reform initiated by Chiang in the late 1970s helped the party and himself to pass the power transition period without suffering too many threats, but did not lose any political control nor give room to democracy. Namely, the reform served to consolidate, rather than to transform the KMT rule.

During the campaign for the general election in 1979, Tang-Wai activists held a series of speeches and rallies across the island. The rally in Kaohsiung degenerated into a riot in which thousands of civilians and 183 policemen were seriously injured. The general election was suspended by the state, and fourteen opposition leaders and more than one hundred of Mei-Li-Tao supporters were arrested and imprisoned. Some of the prominent members were charged with sedition and given sentences ranging from twelve years to life (Lee, H., 1987, pp. 140-58). The Kaohsiung Incident did not destroy Taiwanese' desire for political reform. The attorneys and relatives of the Kaohsiung Incident defendants were all elected to offices when the general election was reinstated in 1980. As an illegal political group, Tang-Wai witnessed an increasing support from the public - especially from the native Taiwanese - throughout the 1980s.

The KMT leader recognised that the party was faced with an enormous crisis and that the only solution was to continue political reform. This realisation did not emerge suddenly but in the wake of the diplomatic setbacks in the international community, the loss of control over anti-government riots, and the failure of the party to win overwhelming victories in elections at all levels (You, Y., p.160). In other words, Chiang was forced by the domestic and external pressure to advance political reform (Meaney, 1992, pp. 95-120; John, 1988, p.611). The process of liberation proceeded rapidly after the elections for the Legislative Yuan and the National Assembly in 1986, during which

Tang-Wai candidates gained 33 per cent and 13 per cent of the votes. President Chiang Ching-Kuo established a task force to formulate a plan for the party's transition in the same year. A Six-Point Proposal was drafted, recommending supplementary elections for three ageing constituency bodies, direct population election of the mayors of Taipei and Kaohsiung, and general liberalisation of the control of civil associations. When the Democratic Progress Party (DPP) was formed by the original Tang-Wai activists at the end of 1986, the KMT Central Standing Committee decided to take a leap forward into democracy instead of suppression. The Emergency Decree that had effectively suspended constitutional rights since 1948 was abolished. The National Security Act (NSA), with effect from 1987, replaced martial law to regulate political marches and assemblies yet the ban on political parties was eradicated

Within the KMT itself, 'Taiwanization' by then was clearly an irreversible trend. As mentioned above, the internal structure of the party was in transition under Chiang Ching-Kuo's leadership. More Taiwanese members were incorporated into the decision-making bodies. Taiwanese representation on the CSC already increased to 52 per cent in 1988. Approximately 70 per cent of the KMT membership (2.4 million) was Taiwanese (Wang, 1988, p.11; Cheng and Haggard, 1992, p. 41). Moreover, Chiang selected Lee Teng-Hui - a Taiwanese member of the party - as his vice-president, in view of the fact that Lee's background allowed him to speak to the native Taiwanese. Lee won strong support from young bureaucrats, civil servants and business representatives, who were collectively referred to as the 'mainstream faction' of the party. At this juncture, main-lander members of the party, who represented the 'hard-liner' faction, revealed their serious doubt about Lee's cultural identity. These two factions were often to view each other with suspicion. The power transformation after the death of President Chiang Ching-Kuo in 1988 was not smooth. Lee was elected after a vicious battle with the conservative KMT hard-liners. After Lee taking over the office, both sections continued their battle for dominance over the party. The KMT thus fell into an internal conflict.

The political conflict within the party was not solely a question about the leadership or power sharing, but was broadly combined with economic interests (Baum, 1993, p.7). Unlike Singapore, Taiwan's development strategy was in favour of local entrepreneurs and their role in wealth creation. After two decades of comprehensive state-planning in the national economy, the accumulation of Taiwan's private capital had been fostered.

The financial power of industrialists and local businessmen who benefited from export-led industrial development was increasing. From the mid-1980s, leaders of local business groupings began to challenge the state's independence of decision-making through their collaboration with Taiwanese members within the KMT or through direct participation in elections (Evans and Pang, 1989, p.17). Representatives of local business groupings became the dominant faction of representatives in the Legislative Yuan and in all levels of parliament. They tried to use their political influence to minimise state intervention (Chen, S., 1988, p.76; Huang, L., 1990, pp. 141-2). Collectively, they campaigned to change the textile export regulations in 1985, the banking/insurance legislation and the automobile import tax in 1988, as well as the stock exchange legislation in 1989 (Ding, Z., 1985, p.113; Shun, F., 1988, pp. 158-83). It became undeniably clear that the representatives of business groupings emerged as the new local power elite in society (Peng, H., 1985, p.146).

Two factions of the KMT reacted differently to the defeat of the state bureaucracy by business groupings. There were some evidence suggesting an over-representation of native Taiwanese in the private sector and mainlanders in the civil service. Taiwanese on average enjoyed a higher income than mainlanders (Tung, M., 1978, p.12). Mainlander members of the KMT, who steeped in the statist tradition of the KMT, believed that the reduction of the role of the government in the economy, such as selling off the largest state-owned enterprises, might erase the gains in equity in exchange for more rapid growth. Taiwanese members of the party, largely comprising representatives of the business community, were more committed to a free market ideology and more clear about their priorities, i.e. equality is less important than growth. They suspected that mainlanders were interested in developing state economic monopolies from which only party favourites benefited. The disparity between two antagonistic factions within the party was enlarged. Mainlanders members felt they could no longer depend on the KMT, which was by then more heavily influenced by native Taiwanese, to protect their interest. Hence, in 1993, immediately preceding the KMT Fourteenth Party Congress, a group of mainlanders who belonged to the hard-liner faction, left the KMT and formed the Chinese New Party (CNP).

Apart from the evolution of party politics, civil society was also in upsurge after the lifting of martial law. Political demonstrations occurred with higher frequency. In 1986

alone, there were about twenty rallies protesting against government policies. These kinds of activity increased in the coming years and protest issues became substantially broader in their variety. Independent trade unions, mainly among the workers of large corporations and state enterprises, were organised in various industrial regions on the island and refused to affiliate with trade union federation under the KMT control. The formation of the Labour Party and the Workers' Party also boosted the trade union movement. The number of civil organisations grew substantially. By the end of 1992, there were 6,828 professional associations, 8,190 civil groups and 72 political parties (Lin, T, 1994, p.67). Many of them engaged in demonstration or protests relating to social and political issues. Although their goals and agendas were different, they had one thing in common; namely, they demonstrated a massive need for some efficient way to get collective goods in the face that the government was not delivering, also challenged the place in liberal values that property rights and market decision-making had long held (Hsiao, H., 1990, pp. 163-79).

The public opinions generated in social movements gave a clear sign that the general public was discontented with the wealth distribution in general and business groups' over-influence in politics in particular (Krong, K., 1994, pp. 58-73). For instance, the top five out of the ten most critical issues raised during the 1983 and 1986 election campaigns were all about the well-being of the people and administrative corruption. More specifically, in both elections, 32.6 per cent and 25.3 per cent of the attentive public concerned with the reduction in the gap between the haves and have-nots as well as improvement in the life of the lower income class, 32.6 per cent and 35 per cent of the public were concerned with cleaning up administrative bureaucracy and eliminating corruption (You, 1991, p.167, 172).

The CNP leaped at the opportunities and soon became the third largest party in Taiwan. After being defeated by business groupings and native Taiwanese in the internal power struggle of the KMT, not surprisingly, mainlanders who formed the embryonic CNP, claimed their goals were anti-corruption, anti-monopolies, anti-independence and reunification with China. Mainlanders who voted for the KMT for centuries now turned their faith to the CNP. Apart from its controversial pro-unification ideology, the CNP's clean and fresh image was welcomed by the middle and lower strata of society. They gained almost 30 per cent of the vote in the successive elections for the Legislative Yuan

and the National Assembly in 1994, while the KMT and the DPP shared 30-40 per cent of the vote respectively. The KMT is still the ruling party but the political arena of Taiwan is becoming shared by three largest parties. None of them can be sure to win an overwhelming majority of the vote.

After four decades of authoritarian rule, it is clear that the one-party politics in Taiwan has finally come to an end. Taiwan has entered a new era of competitive party politics since the late 1980s. Civil society as a whole has learned how to make wider claims on the state. In a newly awakened civil society, the state has to respond to political pressures that could no longer be ignored. All these suggest that a new form of relationship between the state and society has come into existence.

3.7 The Construction of Nation-Statehood: Chinese Nationalism versus Taiwanese Separatism

Taiwan is an island separated from the coast of Southeast China by a 150-mile-wide strait. The aboriginal population, divided into nine linguistic groups, is of Malay and South Sea origin. Although there existed a small number of Chinese settlers, this island did not have to much connection with China until the late seventeenth century. At the end of the Second World War, the Chinese nationalist government claimed their sovereignty of Taiwan on ground that 'the people of Taiwan are Chinese, so there is no doubt that the sovereignty of Taiwan belongs to the Republic of China, racially, historically, culturally and legally'. Thus, 'it can in no way separate the spiritual solidarity and the racial relationship between the people on the mainland and those on Taiwan.' (Chiang, Kai-Shek, 25, Oct., 1950).

Despite these statements, Taiwan was actually viewed by the nationalist government as a 'peripheral frontier province dangerously exposed to the Japanese colonial influence and populated by what was perceived as a dissident intelligentsia' (Premier office of Taiwan Province, 1989, pp. 391-2). The state elite suspected that many Taiwanese had collaborated with Japan during the eight-year Sino-Japan War, as this island had been ruled by Japan for decades. They also worried that Taiwanese had been infiltrated by Communist provocateurs in the post-war period. Not only were the state elite apt to mistreat Taiwanese; the nationalist troops, formed mainly by mainlanders who lacked knowledge and connection with local society, were also ill-disciplined. Numerous con-

frontations occurred between solders and local residents. It was against this background that a sense of distrust and hostility between the mainlanders and the Taiwanese began to build up. The 1947 massacre, which deprived thousands of lives of native Taiwanese, transferred the hostility between two groups of Chinese into deeply-rooted conflicts.

The KMT claimed itself as the sole legitimate government of the entire China and insisted on preserving all political symbols and cultural orthodoxy used in China before 1949. The national flag of the Republic 'is the symbol of the Nationalist Revolution'; the name of the Republic 'is the binding force of the people's patriotic sentiments'; and the anthem of the Chinese Republic 'tells the purpose of our national reconstruction based on the Three Principles of People's Livelihood'. For the KMT, all of these 'form an epic written with the blood and tears of revolutionary fathers, soldiers and people', and 'represent national consciousness and the love of the fatherland' (Chiang, Kai-Shek, 10, Oct., 1949). 'Three Principles of People's Livelihood', a philosophy created by Sun Yat-Sen and was written into the Constitution as the founding principle of the Republic of China, was employed as a national ideology.[20] This official ideology was used to justify state policies or goals such as anti-communism, worship of the supreme leader, crisis consciousness and patriotism, and thus became a source of legitimacy (cf. Gregor et al 1981).

For the KMT, ideological control was essential to their dominance on this island (Hsiao, A. 1991, p.78; Li, 1989, pp. 74-5). The party itself directly intervened in the formulation of cultural and education policies to ensure that its political interest was well protected. The Department of Cultural Affairs (DCA) was established in 1960 as one of the seven largest bodies in the Central Committee of the KMT. It was responsible for making propaganda policy and to monitor the diffusion of ideas through the mass media and other forms of cultural production in Taiwan (Tien, H., 1989b, p.76). The party itself also had the ownership and controlled the operation of the mass media including news agencies, newspapers, broadcasting, television and film companies.[21] Through controlling the Government Information Office, the party forced censorship on other non-party news

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[20] This doctrine which comprised of three themes: nationalism, self-autonomy and people's livelihood, is a blueprint of nation-building, state-building and welfare society.

[21] Among Taiwan's three TV stations, one has been linked with the DCA, one with the military, and one with the Taiwan Provincial Government. The KMT has directly owned two daily newspapers. The branch of the party in the media, such as television and newspapers, has been the implementation unit for their control.

agencies. If these news agencies turned against the official policy, the government could cancel their publishing permission or close down their offices.

In view of the fact that many Taiwanese might have changed their historic and cultural sentiments to their homeland and no longer abide by the notion of a unified China (Wachman, 1994, pp. 93-8), the major task at the earlier stage of the nation-building process was to eliminate the Japanese colonial influence on Taiwanese society, to pro-mote Chinese culture, and to create a sense of unity through assimilating Taiwanese into Chinese (cf. Chang, M., 1990b; Chen, Y., 1992; Wachman, 1992). The circulation of Japanese-written materials was completely banned and the use of Japanese language was entirely forbidden (Premier Office of Taiwan Province, 1989, pp. 390-415). To counter the 'Cultural Revolution Movement' in Communist China, the KMT made urgent efforts to promote what is generally known as the 'Chinese Cultural Renaissance Movement' in Taiwan. A quasi-public authority was established in the mid-1960s to affirm and restore those traditional values in Chinese culture, especially Confucian virtues (Warren, 1970, pp. 61-9). Compulsory course on 'Three Principles of People's Livelihood' was given at schools and universities and in the training of the armed forces (Chen, Y., 1992, pp. 40-50).

In order to keep with Chinese patrilineal tradition, one's ethnic identity was defined in terms of one's father's ancestral origin. This information was recorded on the identity card carried out by all people older than fifteen years of age (Chiu, H., 1979, p.16). The state enforced a strict language policy which entailed using only Mandarin on radio, television, in schools and on official occasions. The use of Mimnan and Hakka dialects was restricted. This was accompanied by a national campaign that emphasised the value of Mandarin and the comparative vulgarity of Taiwanese language. Taiwanese students were taught the old names of mainland China places, railways and administrative divisions which had been used before 1949, ignoring the fact that these names had been changed by the PRC. Taiwan's own history and geography were neglected in the textbooks because any expression of Taiwanese culture was considered harmful to social harmony (Lin, Y., 1987; Wilson, 1970). Over three decades, Taiwan was a peculiar self-proclaimed country where the identity of the Taiwanese was denied in their own land.

The ideological construction of the state had different effects on the Taiwanese and the mainlanders. For the Taiwanese, a hierarchy - at the bottom, the indigenous culture

of Taiwan and above it, the elite culture that the KMT portrayed as Chinese national culture - was formed as a result of government policies. The Taiwanese felt they had lost their dignity and respect under the authoritarian regime which imposed on them. For the mainlanders, despite the official claim, the crucial fact that they would never return to the mainland became clear. This turned to be a shattering disappointment. Most of these mainlanders left their whole family in China as they did not expect to stay in Taiwan very long. They suffered tremendous guilt as they realised that they would possibly never return home for the rest of their lives. A deep frustration emerged among the population of Taiwan, both Taiwanese and mainlanders. This frustration reinforced their own sense of identities. The older generation in particular, who remembered the dislocation that came from immigration, or who experienced the transition from the Japanese to the Chinese rule, became highly sensitive to the origins of others with whom they interacted (Hsiao, H., 1991, pp. 42-3).

However, the political liberalisation which has proceeded in Taiwan since the late 1970s has weakened the KMT's capacity to enforce a single view of Taiwan's political status or cultural and political identities. The KMT's sovereignty over the whole of China and Taiwan's historical association with the mainland have been in dispute. For the KMT, a common Chinese identity and a banner of reunification are still needed to justify its claim to rule Taiwan as part of China (Chen, Y., 1992, pp. 17-25). From their view, 'a world long divided must unite and when long united must divide',[22] thus, 'China is now divided as Germany was, and will be unified one day' (Central Daily News, 8, Jun., 1990). Taiwan, in their view, has always been part of China thus it should not be considered an independent nation.

The DPP, an opposition party emerged in the political movement and fed by a revival Taiwanese identity, has wanted to force the independence issue so that it can destroy the legitimacy of the KMT and replace it as the ruling force on the island. For the DPP, succeeding waves of invaders had tried to sever the island from the rest of China from the earliest times, and had broken what were seen as tenuous bonds to the regime on the mainland. Hence for the past three hundred years, Taiwan had been rarely under the effective control of the Chinese and therefore should not relinquish its independence. Furthermore, it is difficult to determine what is meant by China since China's boundaries

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[22] A famous sentence addressed in the opening passage of one of Chinese epic novels.

have expanded and receded over time. There is no reason that Taiwan must be part of the Chinese state for China to be complete. Thus, they emphasised that Taiwan is a sovereign nation already and should keep its self-determination. The issue on national identity remained the major focus of the subsequent political movement. This division of views, a division largely based on national identity, has led to an intensification of political conflicts between the KMT and the DPP, with reunification on the one hand and independence on the other.

In the late 1980s, the national identity issue was also in line with the power struggle between two factions within the KMT. The KMT's tolerance of the provocation for an independent Taiwan, basically backed by the mainstream faction of the party, was opposed by the hard-liner faction of the party, which composed largely of mainlanders who came over with Chiang in 1949. These old guards were in permanent alliance with the members in the military-intelligence establishments, who were even more resistant to reform. In their opinion, the party had made too many concessions to the DPP in terms of the independence issue. The former minister of National Defence, also the core member of the hard-liner faction, insisted that the government would never give up its sovereignty over mainland China. For the old guards, the tolerance of independence was a matter of some consequences, because 'the national army's responsibility is to protect the Republic of China', and if any political party is not loyal to the Republic of China, 'the army would not sit and watch' (Central Daily News, 2, Feb., 1987). Since the hard-liners of the KMT were also those who had control over the national army, their reaction to the identity issue caused speculation and anxiety.

Several extreme right-wing organisations, reminiscent of the Chinese secret societies and probably financed by the hard-liner faction of the KMT, suddenly appeared in 1987. Violence broke out in June while a protest arranged by the DPP was met with a counter-rally organised by these right-wing organisations. In the fear that the pro-independence movement and the counter force would bring Taiwan into a civil war, the KMT decided to tighten its control over any the provocation on Taiwan independence. Some rather harsh provisions regarding sedition were re-employed. As a result, two pro-independence DPP activities were sentenced to ten and eleven-year prisons term on sedition charges in 1988.

Taiwanese who preferred an independent state to an ambiguous status vis-à-vis the mainland, wanted a open call for Taiwan independence. After the arrests, the remaining pro-independent activitists were unified in their demand and sought to compete for political power. To protest at the KMT's policy of harsh repression on the provocation of Taiwan independence, two loyal members of the DPP, including one journal editor, committed suicide in 1989, a short time before the elections for the Legislative Yuan and the Taiwan's Provincial Assembly. Taiwan independence gained its appeal for many native Taiwanese and the pro-independence DPP candidates won about 30 per cent of the vote in those elections.

By the end of the 1980s, Taiwanese society was still officially divided by three main categories: mainlanders (12.2 per cent), Taiwanese (86.8 per cent) and aborigines (1.1 per cent) (Census of Population, 1990, p.12). It is argued that the main distinction between mainlander and Taiwanese is the time and the occasion of their arrival. This distinction should not even exist among the young generation since all of them were born and grew up in Taiwan. Unfortunately, the term 'Taiwanese' or 'mainlander', means a lot more than just two categories. For years it has not really been possible for people to identify one culture or one place without identifying the political entity. Namely, if one identifies itself with the mainland, one will be labelled as a unionist. If, on the other hand, one identifies itself with Taiwan, one will be labelled as a separatist.

Taiwan's politics has evolved around the conflicting cultural and political identities for decades. The government decided to take the initiative in campaigns for national consolidation in the early 1990s. An official commission was set up to investigate the 1947 massacre with an official report released to the public. The government offered a formal apology for its abuse of military force in this incident, announcing plans to construct shrines in memory of the victims, and providing reparation to the families of the victims. A 'New Taiwanese' campaign was launched in 1993 in which the government made a plea to all residents of Taiwan, including mainlanders and Taiwanese, to create a new form of Taiwanese culture, and to rectify the problems stemming from the abuse of national identity.

Although the government has begun with an attempt to create a collective sentiment among the population, this is far from an easy task. This is because all forms of identity have been conflated and mixed up. Even among the younger generation, who were all

born in Taiwan, there has been an absence of consensus. Some might find themselves culturally as Chinese but consider Taiwan as an independent nation-state. Others might identify themselves as Taiwanese yet consider Taiwanese as an ethnic sub-group within the larger Chinese nation. Taiwan's ambiguous international status also makes it more difficult to know whether the island is a nation itself or only part of a larger nation. Although people may have clear opinions about whether they are Chinese or Taiwanese, there is considerable uncertainty about the future of the country in which they live.

3.8 Conclusion

The economies of Singapore and Taiwan have developed through the expansion of export-oriented manufacturing industries associated with the world market. The states have played leading roles in guiding the national economy through their development strategies. The states have monopolised major financial devices, controlled real wages, the inflation rate, and the foreign exchange market, thereby creating a stable institutional environment for investment. Through their development expenditure, the states have directly invested in physical and social infrastructures for industrial production and for the reproduction of human capital. The state-guided economic restructuring has taken place in both countries since the late 1970s when labour-intensive industries had increasing difficulties in competing in the global market. The common aim has been to upgrade productive sectors from labour-intensive to capital-intensive industries, such as high-technology industries and advanced services. In doing so, the states have introduced new development strategies to exclude those labour-intensive industries which were no longer productive, and to concentrate on assisting some targeted industries through public incentives and direct investment. However, in the beginning, these new development strategies did not bring immediate effects as expected. Capital formation was relative low and there was an excess of national savings which could not be directed into productive investment. The states thus have modified development strategies since the mid-1980s, trying to facilitate industrial transformation yet at the same time emphasising the balance and the diversity of the national economy.

The state-guided economies in both countries also differ in many aspects. The industrial structure of Singapore has been controlled by the state-owned enterprises and foreign-based multinational co-operations. Local enterprises have thrived in sectors

linked with traditional trade, real estate and transportation. Within the manufacturing sector, the petroleum, machinery and electronic industries have assumed most importance. Financial and business service associated with command centre of international co-operations, has been another key sector in the economy. Singapore's domestic savings have been generated mostly by the public sector through its social security scheme. A large volume of public savings has become one of the major source of capital formation through the government's strategic expenditure. The state has used construction investment as a counter-cyclical device to balance the market economy. Although construction investment led by the public sector has been a main source of capital formation, the over-expansion of construction investment has also contributed to the economic crisis in the mid-1980s. The recent restructuring strategy has decided to increase the competitive ability of local firms through public incentives. The expansion of small- and medium-sized enterprises and the development of local entrepreneurship have become major concerns on official agenda. Locally-owned financial and business services in particular, will also perform a key role in further development.

The industrial structure of Taiwan has been controlled by the state-owned enterprises and a proliferation of small- and medium-sized family firms linked with foreign-based capital through sub-contracting arrangements. The manufacturing sector has specialised in the textile, electronic, information and machinery industries. Foreign capital has only been allowed to participate in some selected sectors. Hence, while mainlanders have dominated state bureaucracy and public enterprises, economic resources have diffused into a private sector largely controlled by Taiwanese family businesses, This arrangement has helped to cement a tacit alliance between the state and the domestic bourgeoisie. Taiwan's domestic savings have been mainly generated by the private sector. The imbalance between private savings and capital investment has constantly increased the inflation pressure and the demand for property and financial assets. The recent restructuring strategy has decided to lift the regulation on the flow of capital and goods, giving foreign capital more access to the domestic market. Under the out-looking policy, direct investment in social and physical infrastructure to create a favourable environment for foreign-based firms has become to assume greater importance

Singapore and Taiwan have both given priority to internal cohesion and political stability in the interest of economic development at all cost. The conflicting nature of

nation-building in both countries created a sense of crisis, thereby legitimated the extra-ordinary power given to the states. The massive social dislocation in the beginning weakened existing patterns of social control and gave the states relative autonomy from social forces. The states have been highly power-centralised and have been constituted as a political-military apparatus. They have both used a series of repressive mechanisms to ensure political legitimacy, social integration and labour control. The one-party regimes along with paternalistic authoritarianism have hardly given room to political dissidents. Local societies have been organised around a group of elite including civil bureaucrats, professionals and politicians, who have played a crucial role in the decision-making process.

However, the one-party states in both countries have been under political pressure since the late 1970s. The states have reacted differently to the public outcry about authoritarian control and as a result, different forms of state-society relationship have emerged in the 1980s. The demand for political liberation in Singapore originated in the increasing discontent of middle-class citizens and the local bourgeoisie, and intensified after the economic crisis in the mid-1980s. The state has developed several measures to integrate the domestic bourgeoisie and middle-class citizens into a consultative politics, aiming to channel dissent through its own institutions and away from opposition parties and civil organisations. To promote a devotion to corporate objectives, a soul-searching process involving strong provocation of national survival and group interests has taken place. The call for political liberation has pushed the regime to adjust its means of social control, but has not brought any fundamental changes. The state seems to be moving more hesitantly down the road of democratisation and liberation, such is its apparent fear of losing control. Strict limits have been continuously placed on civil and political life.

Taiwan obviously has had more serious internal conflicts. The 1947 massacre turned the hostility between Taiwanese and mainlanders into a deeply-rooted conflict. The political conflict first came to surface in the late 1970s when the mainlander-controlled one-party state was seriously challenged by well-organised political opposition groups with distinct Taiwanese identity. The ruling party used organised violence to overwhelm waves of anti-government riots provoked by political dissidents, also attempted to integrate more Taiwanese members into its own organisations. Yet opposition groups have won popular support and become more influential through elections. The party was

left without much choice but to reform itself and to loosen its control over society. After the removal of martial law, political parties and civil groups were in upsurge. Taiwan has entered a new era of competitive party politics. The state is no more free from the constraints of social forces. Taiwanese members, particularly financial capitalists and representatives of business groupings, have come to dominate the ruling party and the parliament. Their influence has increased and challenged the state's independence of policy decision-making. Many civil groups and neighbourhood organisations also have formed coalitions to counter the business influence on politics. It seems that pluralist politics has taken shape in a newly-awakening civil society.

Singapore and Taiwan have very different nationalist agendas. Singapore wants to emphasise itself as standing at the starting point of a new era. The national history is read as a process beginning with colonialism, without referring to a 'homeland' or a 'common ancestry'. The denial of pre-colonial history has enabled the state to claim an independent statehood without over-emphasising any individual culture in society. Singapore has rejected the creation of a national identity on the basis of one particular culture, and has adopted 'multi-racialism' as its official ideology. The concept of nation adopted by the ruling elite was basically civil-territorial, aiming to bring together ethnic population into a political community. It guarantees ethnic group equal citizenship rights, seeking to create a supra-ethnic political culture for the new political community. The bilingual language policy, in particular, has played a large part in facilitating inter-ethnic communication. This policy has produced some undesirable consequences and has stimulated the demand for moral regulation since the late 1970s. The state has used traditionalism as a cultural ballast against moral crisis deemed to be caused by foreign cultural influence. This is not an easy task because as a multi-racial nation, the state has received legitimisation on the basis of an overarching ideology shared by all groups. During the political and economic crisis in the mid-1980s, the state recognised that economic development alone was insufficient for the formation of a 'nation'. It must find unifying symbols to develop a sense of solitary for national consolidation. The concept of 'Asian values', as a representation of traditional social values of different races, or more straightforwardly, as the opposite side of foreign influence, has been on the agenda.

Taiwan's nation-building process has been very peculiar. The state emphasised the continuity of linguistic and cultural roots for its construction and existence, because the

legitimacy of the regime depended on a fictitious claim of sovereignty over China. It acted as a 'memory nation', using common ancestry and genealogical myth to bond together those who deemed to have common ethnic origin. It adopted a dominant-ethnic model in which national identity is built on the basis of history and culture of the core ethnic community. The consolidation of a dominant ethnic core - the Han Chinese, ignoring the cultural differences between the mainland Chinese and the Taiwanese, and other ethnic and cultural minorities. The exclusion of Taiwanese's history and culture deepened the conflict between mainlanders and Taiwanese. However, the appearance of the political opposition in the late 1970s weakened a single view of Taiwan's political status and cultural identity. Taiwanization first surfaced as a cultural revival movement and was incorporated into political agenda by both the ruling party and the opposition party. The state has began to look for criteria of 'belonging' in history and geography of the territory it currently governs. For decades, the issue on national identity has been closely associated with the power struggle between political parties. There is still a lack of consent within the state and in local society.

CHAPTER FOUR
THE INSTITUTIONAL SETTING: URBAN PLANNING AND THE PROPERTY MARKET

4.1 Introduction

The very conditions that shape the planning process are directly associated with the nature of urban policy, the planning regime and the property market in their historical context. The analysis developed above already reveals an intertwined process during which political, economic, social and cultural forces induce each other and act together to constitute the historical context. My objective here is to analyse institutional factors which contribute to the planning process. I begin with an analysis of the role of building investment and urban policy in national development from economic, political and social perspectives. It sheds the light on the way that the alliance of state intervention and economic growth negotiates through urban policy and spatial development. I then move to a detailed account of the evolution of the planning regime in Singapore and Taipei, aiming to provide a proper understanding of the internal dynamics and conflicts of the planning regime in both cities. In the third section I focus on the contextual elements of urban policy and the property market in a particular era of historical development - the 1980s. The objective is to unfold the underlying logic of spatial development and the ways it contributes to the appearance of a conservation-based redevelopment policy. At the end of this chapter, I address a number of characteristics in the institutional setting which can make the planning process in Singapore and Taipei different from each other. They also set the stage for the analysis to be developed in the later chapters

Singapore
4.2 The Role of Urban Policy in National Development

Recalling the brief statement given in the previous chapter, Singapore's economic growth stemmed from a high rate of capital investment for a sustained period of time. It was reflected in the share of gross domestic capital formation in GDP, which represented 39.6 per cent in the 1970s and 41.3 per cent in the 1980s. A large proportion of this capital investment (about 80 percent) went to fixed assets. The share of domestic fixed capital formation in GDP represented 31.2 per cent in the 1970s and 37.4 per cent in the

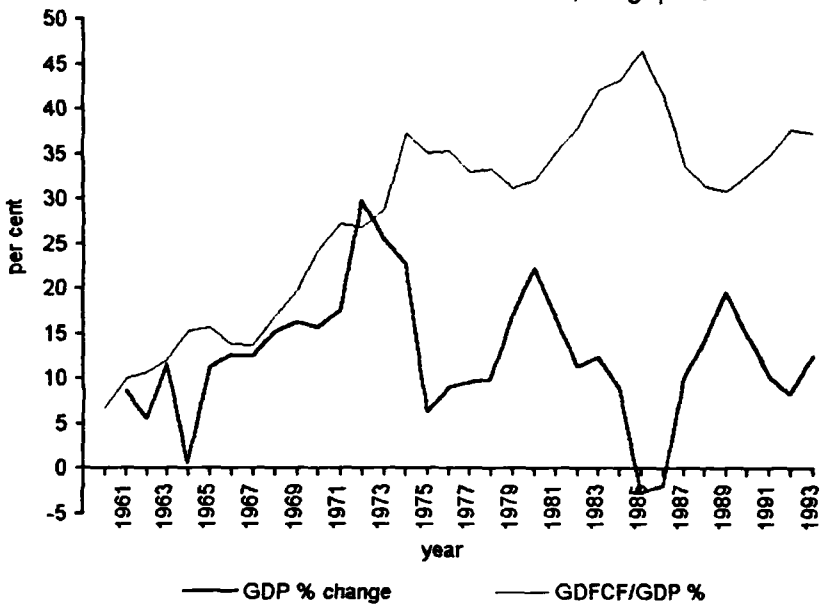
1980s (Appendix 1.7). It seems that domestic fixed capital formation was the major impetus of capital investment in Singapore. The relative importance of construction investment in total capital formation, and further, its contribution to GDP growth, need to be carefully examined.

The rhythms of GDP growth and domestic fixed capital formation in relation to GDP are presented in Figure 4.2.1. Interestingly, domestic fixed capital formation and GDP growth appear to have exhibited an opposite movement. As can be seen, Singapore's economy was at a standstill in the years after the independence. The economy sharply took off during 1972-74 when the growth of GDP even reached 30 per cent. The first downturn came between 1975-78 during which GDP growth dropped to less than 10 per cent. The economy gained its recovery in 1979-83 while GDP growth ever returned to 22 per cent. It was again followed by a serious recession during the period 1984-87. GDP growth fell to -2.8 per cent: the lowest point in Singapore's recent history. GDP growth returned back to 20 per cent between 1988 and 1991 when the economy witnessed a small recovery. The rhythm of domestic fixed capital formation in relation to GDP was almost a reverse process. It continually increased throughout the late 1960s, remained stable in 1971-73, peaked upwards in 1974-77, and began to slow down in 1978-82. A sharp upward movement could be seen during the period 1983-86 and this was followed by the downturn during 1987-91.

Gross fixed capital formation is a measure of the additions to the stock of capital in a country, i.e. new investment in fixed assets consisting of buildings, plants and machinery, as well as depreciation, repairs and maintenance expenditures. In Singapore, construction investment seems to have represented a large proportion of gross fixed capital formation. The percentage share was 42.6 per cent in average in the 1970s and jumped to 51.4 per cent in the 1980s (Appendix 1.7). As almost one-half of domestic fixed capital formation went to construction, the change in construction investment was probable the major force that affected the performance of gross domestic fixed capital formation.

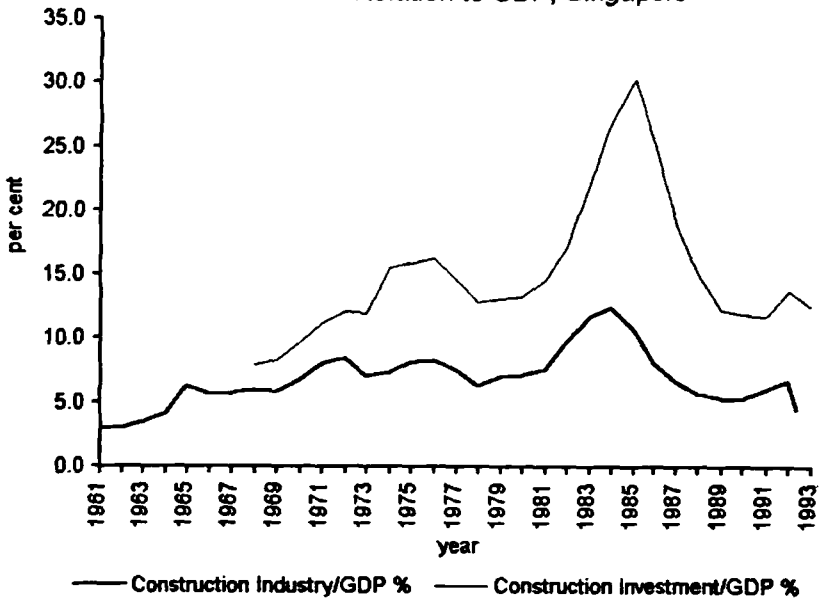
There were two construction booms, in the mid-1970s and the mid-1980s, while GDP growth in both periods seems to have been halted. As indicated by Figure 4.2.2 and 4.2.3, the first construction boom started in 1975 and ended in 1978. During this period, the value added by the construction industry registered for 7-8 per cent of GDP. The total value of construction investment increased to S$ 1,205 million in 1976 and then

Figure 4.2.1 Percentage Change of GDP and Gross Fixed Capital Formation in Relation to GDP, Singapore



Source: Appendix 1.1, 1.7

Figure 4.2.2 Construction Industry and Construction Investment in Relation to GDP, Singapore



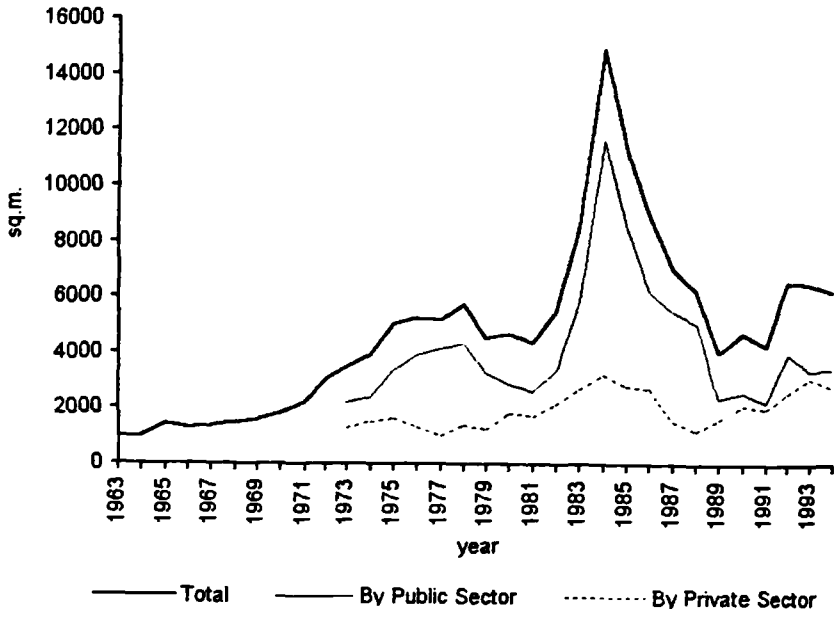
Source: Appendix 1.7

remained constant until 1978. It was equal to 13 per cent of GDP. Housing investment constituted half of the total construction investment, with a total investment value of S$ 1,180 million in 1976. The floor area built each year rose to 5,035,000 sq.m. in 1975 and reached a peak at 5,732,000 sq.m. in 1978 (Appendix 1.9, 1.10). The second construction boom happened between 1983 and 1986. The value added by the construction industry in GDP jumped to 8-12 per cent. The total value of construction reached S$ 8,106 million in 1983 and grew to S$ 11,780 million in 1985, when it was equivalent to 26 per cent of GDP. More than half of the investment concentrated in property development. The percentage change of floor area built each year was 56 per cent in 1983 and 73 per cent in 1984. As a result, the floor area built each year increased to 8,598,000 sq.m. in 1983, and reached a peak of 14,890,000 sq.m. in 1984 (Appendix 1.9,1.10).

The above information reveals that construction investment has been the major driver of gross fixed capital formation. Construction investment could take place in various forms, including residential and non-residential buildings, and other construction works such as roads, bridges and land reclamation. Figure 4.2.3~4 indicate the changes in floor area built each year by different uses and sectors over time. The floor area built for residential use and built by the public sector both increased substantially during 1974-79 and 1983-86. The floor area built by the private sector was more prominent in the later period. This suggests that property booms were in line with construction booms and the public sector had a large part to play. The nature of public investment thus offer an example to understand the logic behind construction investment, and the reasons that help it to develop in a particular relationship with GDP growth.

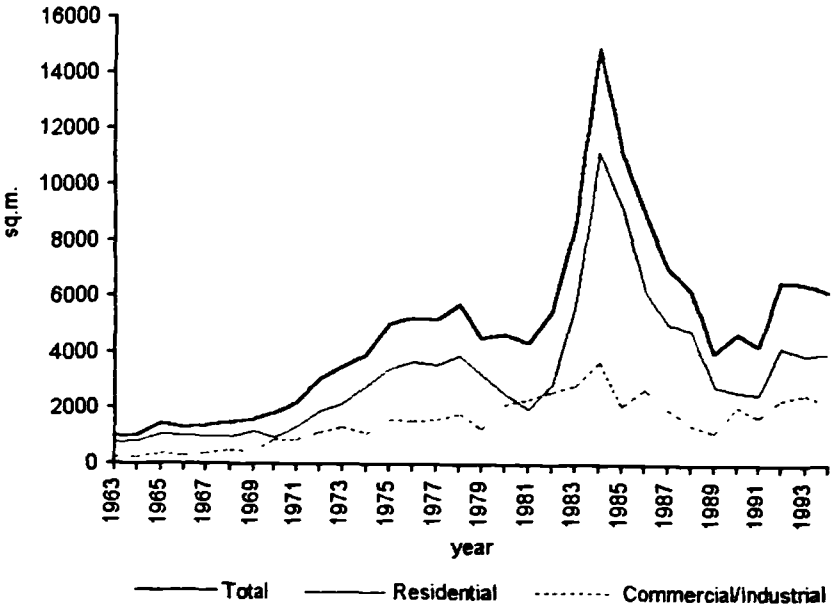
Public housing construction and land sale scheme both seem to have strong influence on property booms. More than two-thirds of residential space in Singapore was generated by the public sector as a direct result of its housing policy (Appendix 1.10). A public-housing finance scheme was introduced by the Housing Development Board (HDB) as early as in 1968 as part of its Home Ownership for the People scheme. It allowed citizens to withdraw a portion of their Central Provident Fund - the compulsory social security savings contributed by individual employees and kept in trust by government - to pay for their HDB flats. A commercialisation strategy was also applied in the later stage to open a larger market for public housing. It allowed residents in the public

Figure 4.2.4 Floor Area Built Every Year by Sectors, Singapore



Source: Appendix 1.10

Figure 4.2.3 Floor Area Built Every Year by Uses, Singapore



Source: Appendix 1.10

estates to re-sell their flats in the market. This policy helped to create a significant demand for public housing.

Large-scale slum clearance was put into force by the authorities with public housing provided in the city or in the immediate periphery for resettlement. Numerous incentives, such as the increase in compensation payments, were introduced to assist land clearance and resettlement. To accelerate public housing construction, several new towns containing a large distribution of HDB flats were proposed by the Concept Plan in 1973. From this time onwards, public housing was constructed at a massive speed. During the period 1960-89, six five-year building programmes were completed by the HDB. The total number of HDB flats constructed by the end of the 1980s was 680,130 units (Lim et al, 1986, p.5; Wong and Yeh., 1985, p.231).

To accelerate housing development, a vast amount of land, freed from restrictions, has to be made available in the first instance. Singapore benefited heavily from a legal system inherited from the colonial government with regard to property right. After the transfer of control to the Colonial Office in 1867, the British Crown began to alienate land under the royal prerogative. The other forms of tenure prevalent were leases for a variety of terms ranging from 30 to 999 years. The public sector therefore monopolised land ownership; and the private sector participating in the development of land was based on a leasehold basis. Later on, the Land Acquisition Act and the Urban Redevelopment Act, which together constituted a legal framework to manage land acquisition, compensation and resettlement, also gave the authorities strong powers to purchase land and properties for development purposes. Accordingly, state ownership represented 60 per cent of all land in 1970, and even increased to 76.2 per cent in 1985 (Motha and Yeoh, 1989, pp. 7-8).

Land policy, which shaped the nature of the landholding system and land ownership, was not only critical for the success of public housing development but also played a key role in building the public-private partnership for property development. As residential space was mostly created by the public sector, approximately two-thirds of office and commercial space was generated by the private sector (Appendix 1.10). The floor area built by the private sector became more significant during the period 1983-86. This could also be ascribed to the Sale of Site Programme - a land sale scheme started since 1967 by the Urban Redevelopment Authority (URA) in combination with a package of incentives

including property tax concessions, exemption from development charges and easy repayment of the land price[1]. On the authority of the Land Acquisition Act and the Urban Redevelopment Act, the URA assembled land parcels from small lots mainly through compulsory acquisition. After clearance, land parcels with vacant possession were sold to private developers mostly on 99-year leases, through a competitive tender system (URA, 1983, p.9).[2] To ensure that development took place within a specific time frame, one of the conditions attached to the URA tender sale was a preferred schedule of completion of the projects in a time span of between forty-two and fifty-eight months. Between 1967 and 1982, a total of 166 sites were sold to the private sector for property development, about 2,116,458 sq.m. floor area were created, including 719,025 sq.m. of office space, 830,345 sq.m. of shop space and 3,549 residential units (URA, 1983).

Through public-housing development and the land sale scheme, the government could effectively start building investment at the critical time. For the government, one of the major aims of building construction was to act as a reflection of 'positive growth despite economic recession' (Singapore Bulletin 4, 1976). As can be seen in Figure 4.2.5, the number of public housing units constructed by the Housing Development Board (HDB) increased shortly after the oil crisis 1974-75 and 1982-1983. More than 30,000 flats were built each year during 1976-78, and the number even doubled in 1984, during which more than 70,000 flats were competed (Appendix 1.11). The share of housing investment in gross fixed capital formation increased to 22.9 per cent in 1976 per cent and to 36.2 per cent in the 1985 (Appendix 1.8). The land sale scheme was also applied in accordance with the principle of 'growth through investment' (Wallace, 1971, pp. 447-55). Figure 4.2.6 suggests that land released from the land sale scheme recorded a substantial increase between 1978 and 1980. The sufficient supply of cheap land was the main contributing factor for the growth of private investment. The total investment value increased to S$ 1,436 million in 1978 and S$ 2,531 million in 1980 (Appendix 1.12). The property boom in the 1982-85 period was overwhelmingly a response to the land sale scheme.

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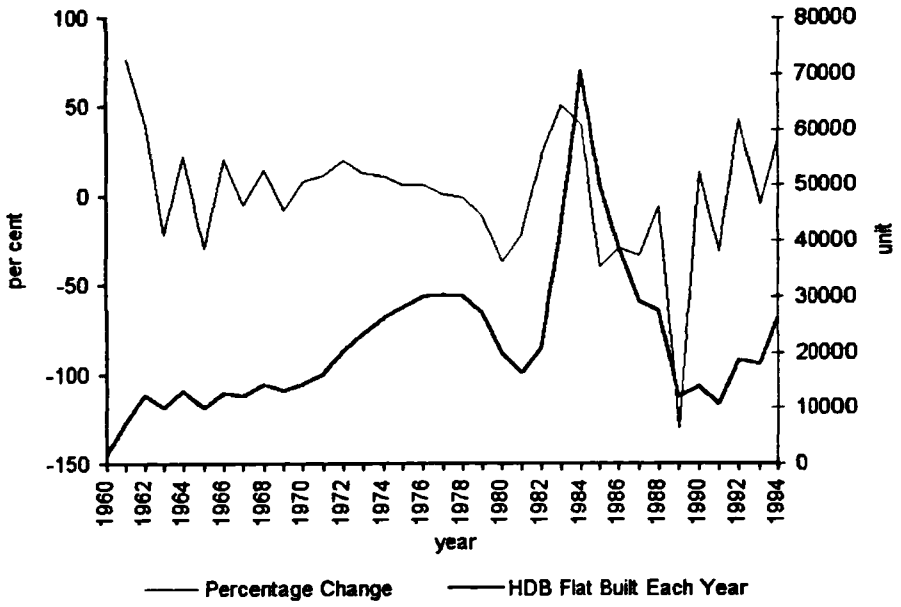
[1] These incentives were: 1) easy terms for land payments which was 20 per cent down payment, 2) interest-free loans over 10 years, and 3) property tax concession at one-third of the normal rate of 36 per cent for 20 years. For a detailed discussion of this taxation scheme see Barker, 1974; John, 1976.

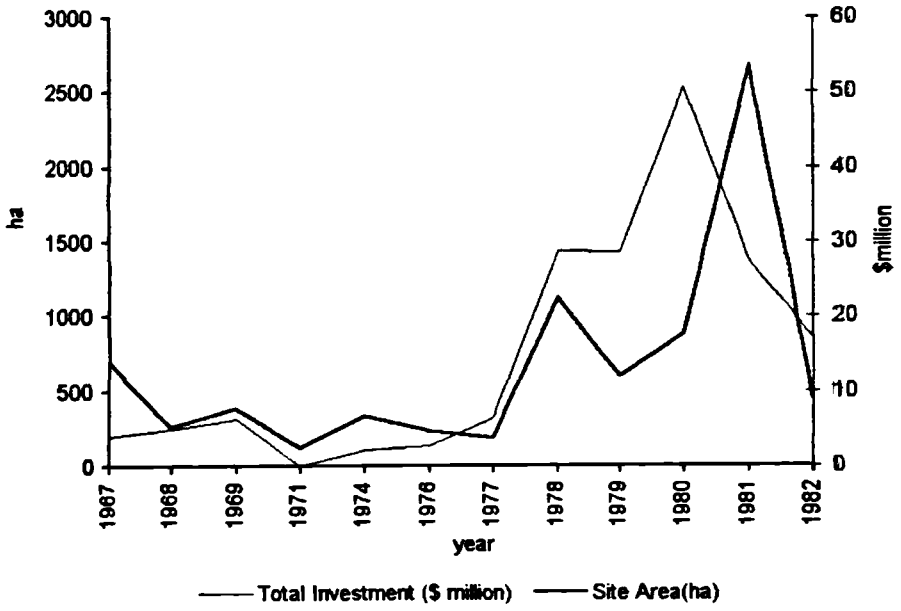
[2] For information and critics about the Sale of Site programme see Choo, S., 1978.

Figure 4.2.5 Public-Housing Development in Singapore



Source: Appendix 1.11

Figure 4.2.6 The Sale of Site Scheme, Singapore



Source: Appendix 1.12

The major financial source for public-housing construction was the Central Provident Fund. It constituted the basis of public-housing finance scheme and created a property-based banking system. The expansion of housing investment helped to transfer a large amount of accumulated national savings into capital formation for the whole economy. Also, by controlling the funds for public housing development, the government could regulate financial institutions and the circulation of money. Hence, whenever the inflation rate increased beyond the standard level, the government adjusted the price mechanism of public housing to reduce the inflationary pressure. For instance, when a radical wage policy was introduced by the government in the late 1970s to phase out labour-intensive industries, it caused a large real wage increase between 1979 and 1981. The percentage change was 19 per cent in 1979, 20 per cent in 1980 and 14-18 per cent in 1981. The inflation rate coincided with real wage increase, jumping from 4 per cent in 1978 to 8.2 per cent in 1980. As a response to the inflation rate, the selling prices of public housing, which were fixed before 1978, were raised 15 per cent in 1979, 20 per cent in 1980 and 38 percent in 1981 by the government. This helped to decrease the inflationary pressures in other consumption goods. The inflation rate thus fell back to 3.9 per cent in 1982 and 1.2 per cent in 1983. After the pressure of inflation was removed, the adjustment of price for public housing in the following years returned to a relatively moderate level: about 5 per cent in 1982, 5 per cent in 1983 and 2.5 per cent in 1984 (Economic and Social Statistics, 1984).

Construction investment also stimulated the growth of the construction industry. The value added by this industry in GDP was only 4.5 per cent in the 1960s, but rose to 7.5 per cent in the 1970s and to 8.5 per cent in the 1980s (Appendix 1.7). The construction industry did not only make a contribution to GDP, but also served as an agent to regulate the labour market by generating employment. For instance, the labour market was slashed when the British troops withdrew in 1971, also during the global oil crisis in 1974-1975 and in 1982-1983. The restructuring process after the late 1970s also caused a substantial loss of jobs in manufacturing industries. In these circumstances, the government always started major labour-intensive projects, such as highway construction, land reclamation, public housing development, etc. Through the massive increase in public-sector expenditure, the construction industry expanded quickly and effectively generated thousands of jobs.

Construction investment also supported the rapid growth of industrial and commercial activities by providing available land and the entire network of infrastructure. Through the land sale scheme, land was acquired by the government and sold to property developers mainly for commercial or industrial development.[3] Generally, in every year since 1980, more than 2,000 sq.m. floor area for commercial or industrial uses was released to the market. The number even doubled and increased to 3,700 sq.m. floor area in 1984. It is estimated that from 1960 to 1989, a total of 38,755 sq.m. floor area for industrial and commercial uses was released to the market (Appendix 1.10). Massive industrial estates in particular, were constructed in consequence of the development plans formulated by the Jourong Town Corporation (JTC). These development plans comprised the reclamation and development of the Southern Islands as an international petrol-chemical manufacturing and distribution centre; the development of Loyang as a centre for aviation industries and as an engineering base to support offshore oil and mineral exploration; the development of Seletar Air Base for aeronautical industries; and the construction of the Singapore Science Park for high-technology industries. The JTC managed 19 industrial estates in 1986 and another 17 estates were under development. A total of 2,700 companies with around 210,000 workers - almost 60 per cent of the total manufacturing employment - were accommodated in these industrial estates (JTC Annual Report, 1986).

Housing development also supported the improvement of human capital by providing relatively high standard housing, social and educational services. All of them created a substantial advantage for industrial development by lowering the investment costs of social reproduction. The HDB constructed between 50,000 and 160,000 housing units in each five-year period. By the end of the 1980s, the percentage of population living in public housing had increased to 87 per cent (Appendix 1.11). Moreover, the construction of new towns also helped to locate industrial facilities to places with sufficient supply of labour. The HDB made 20 per cent of the land area in new towns available for light industries. Most of these industries were in need of unskilled and semi-skilled labour, and thus produced employment opportunities for the female population, especially married women living in the new towns. The journey to work was shortened, making it easier for

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[3] Land area used for industrial estate increased from 1,101 hectares in 1967 to 3,867 hectares in 1982- more than 6 per cent of the total land area of Singapore (JUC Annual Report, 1982).

women to combine their paid-jobs and domestic duties. This policy encouraged more women to engage in production. The female participation rate rose from 21.6 per cent in 1967 to 45.8 per cent in 1984 (Economic and Social Statistics, 1984).

Drawing on these factors, it can be asserted that building investment in Singapore is not only a matter involving the supply of floor space. As a major element of construction investment, building investment has been an integrated part of government development strategies. Through public-housing development and the land sale scheme, the government has played a key role in building investment and has used it as a means to regulate the cycle of the economy. Building investment has acted as a driving force for domestic capital formation, and as a counter-cyclical device to manage economic fluctuations. The economic function of building investment has become undeniably clear. Urban policies, which determined building investment within a framework of economic planning also has other critical aspects. Housing policy, in particular, contributed greatly to social integration among ethnic groups and assisted the political and social controls over the majority population living in the public estates.[4]

As mentioned in the previous chapter, to resolve confrontations and violence between different ethnic groups, the colonial government had placed different groups in separate zones within the Central Area. As a result, the spatial concentration of ethnic groups was phenomenal. The post-war urban development, in particular urban renewal and new town construction, resulted in the relocation of the population from the Central Area to the suburbs. As the population of the Central Area dropped from 411,600 in 1960 to 60,895 in 1980 (Census of Population, 1990), the significance of spatial concentration of ethnic groups was reduced. The policy on housing allocation aimed to mix ethnic groups in the public estates and new towns. In doing so, great attention was also paid to environmental quality and urban design in furtherance of communication. Although there was still some discernible ethnic spatial concentration existing in some areas, it is believed that social integration of ethnic groups living in the public estates and new towns began to take shape.

Additionally, as a great majority of the population lived under rules and conditions governed by the housing authority, social and other policies could be co-ordinated and implemented through housing policies to ensure better social and political control. For

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[4] For a detailed discussion see Goh, L., 1987; Ha, S., 1987; Lau, S., 1988; Quah, S., 1990.

instance, when traditional values were promoted by the state as a cultural ballast against foreign influence after the late 1970s, housing policy was also formulated in accordance to this official agenda. The housing authority introduced several programmes including the Joint Balloting Scheme and the Reside Near Parent/Married Children Scheme in 1978, the Mutual Exchange of Flat Scheme in 1981, and the Multi-Tier Family Housing Scheme in 1982. All these aimed to inveigle parents and their married children to live together as a traditional extended family. Public incentives and design guidelines were also in practice through these schemes to promote desirable traditional values. Furthermore, in another attempt to replace the role that traditional associations played in the ethnic communities and to enhance control of residents in the public estates, many government-sponsored community organisations were established. This network of community organisations and supporting public facilities were directly controlled by the PAP. They fulfilled an important political function - as the avenue for individuals to express their opinions and as a means for the government to promote official policies and views. To all intents and purposes, the PAP effectively controlled most of the electorates where there were a large number of public estates.

4.3 The Evolution of Urban Planning and Urban Renewal

4.3.1 The Origin of Modern Planning in Singapore (1955-1959)

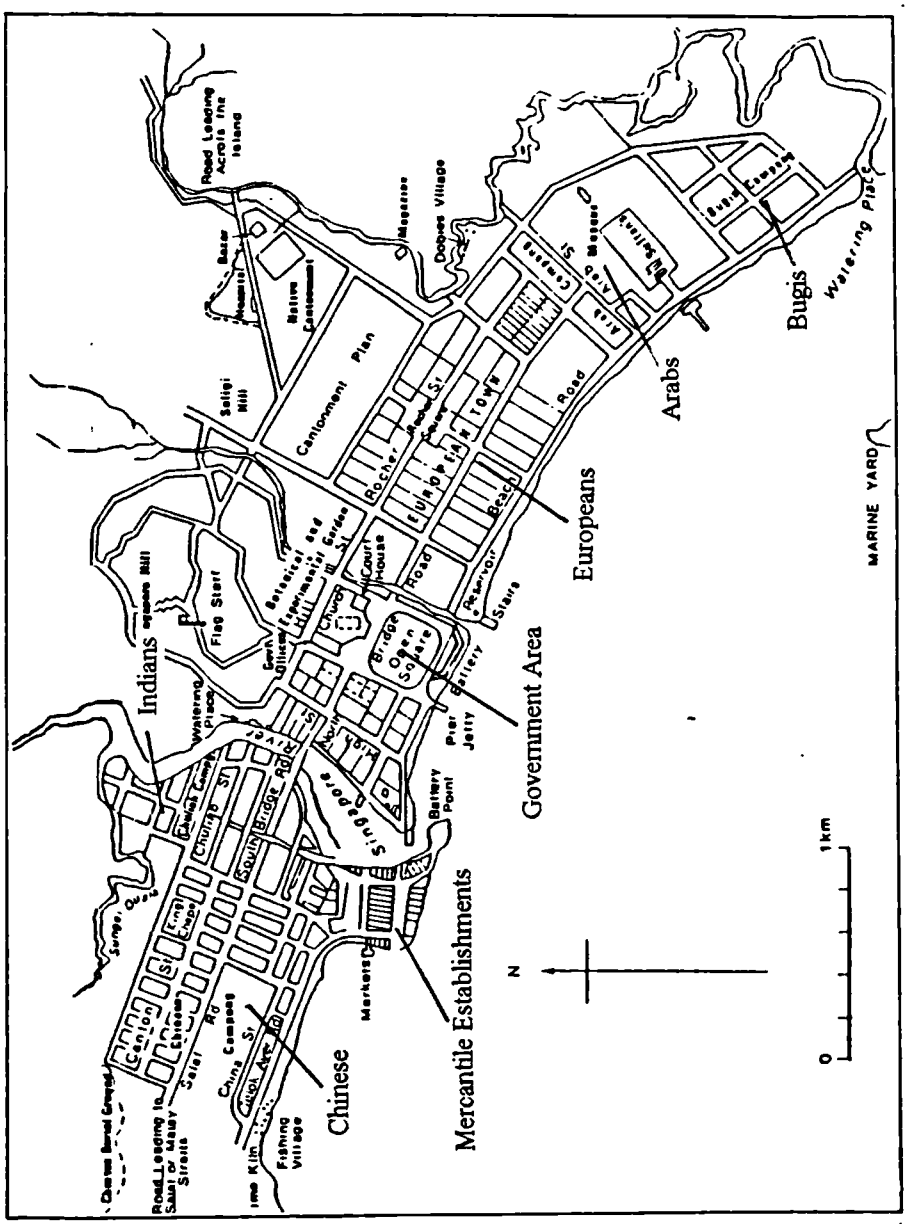
The earliest plan in Singapore, generally known as the Town Plan, was formulated under the auspices of Raffles's Town Committee in 1823, and then adopted by the colonial government in 1828. This plan covered an area 5 miles along the seafront and up to 3.5 miles inland, which is the core of the Central Area at present. It proposed a settlement pattern on the basis of strict functional and racial segregation.[5] As a result, the Europeans lived adjacent to the government area along the Singapore River; the Arabs and the Bugis settled close to the Malay Sultan's compound and the Mosque; the Malays lived along the northern fringes of the Rocher River; the Chinese and the Indians separately resided next to the mercantile and commercial district at the southern bank of the

[5] Detailed Discussion on early planning practice of Raffles see Fraser, 1952; McGee, 1967; Buchanan, 1972.

Singapore River. The earlier morphology of the city was thus very much characterised by its functional specialisation, which created several ethnic enclaves such as Chinatown, Little India and Kampong Glam, referred to as the Historical Districts by the current authority (Map 4.3.1).

The population of the city increased drastically in the late nineteenth century as a result of the flourishing entrepot trade and successive waves of immigrants. Owing to the substantial expansion of new settlements, the ethnic segregation defined by the original Town Plan became gradually obscured (Choo, 1988, p. 260). Housing shortages and overcrowding problems began to threaten these ethnic enclaves by leading them into acute social and environment decay. A colonial authority for urban planning and housing development - the Singapore Improvement Trust (SIT) was established in 1927. Physical development of the city was controlled by the SIT through the application of the General Improvement Plan (GIP). The SIT, however, was unable to solve housing crisis in many occasions because of the lack of consistent support and intervention from the colonial government (Quah, 1985, pp. 84-5). Hence, the GIP became no more than an official record of public proposals for the development of land, and only dealt with particular areas or with special need.

As urban growth continued, the resulting crisis finally went far beyond the Town Plan's control. A housing survey conducted in 1947 suggested that about 250,000 people lived in slums and 300,000 people lived in squatter settlements. The gross population density in Chinatown reached 160 persons per acre. The net density of individual blocks was as high as 800 persons per acre in some cases (Singapore Annual Report, 1960, p. 72). The resultant environmental and social problems in those ethnic enclaves forced the colonial administration to introduce a range of palliatives to arrest the worsening housing stress in the city (Goh, 1958; Kaye, 1960; Ommanney, 1960). A Housing Committee was established in 1947 as a higher level authority over the SIT. It set a twenty-year target for a 'definite programme of slum clearance'. To control urban development in the long run, a statutory Master Plan was also drawn by a British planner Patrick Abercrombie in 1955 and approved by the colonial regime in 1958. According to the 1955 Master Plan, the problems of congestion and overcrowding were expected to be alleviated by a proposed green belt to stop the continued expansion of the



Map 4.3.1. The 1828 Town Plan, Singapore

central area, and by the development of new towns outside the existing urban area. Urban renewal and housing development were closely articulated. Housing stress could be sorted by resettling population into new towns. As most of the population moved out from the central area, there would be a chance for redevelopment.[6]

The Master Plan also prepared a detailed programme concerning the redevelopment of the city. The Central Area (CA), a land area of 1,160 acres (or 469 hectares) covering almost the old city of Singapore, was designated by the government (Map 4.3.2-3). The CA was further divided into precincts for staged redevelopment. Several principles related to the practice of urban renewal were also addressed. For instance, to retain the existing ambience of the historical core of the city, conservation and rehabilitation were considered to be more adequate than the wholesale demolition of street blocks. Historic monuments, sites and buildings of architectural interest were listed and shown on the CA map by a distinctive notation (Master Plan: Written Statement, 1955). This appears to have been the earliest official statement of urban conservation in Singapore. Another important principle was that urban renewal should be undertaken by an active public authority in a framework of public-private partnership (Master Plan: Written Statement, 1955). This later became a long-term strategy for the implementation of urban renewal in Singapore.

The Control of Rent Ordinance (1947) and the Land Acquisition Ordinance (1955) constituted the legal basis of the Master Plan. The former fixed land rent with a minimal allowable increase and prohibited the repossession of tenanted properties by owners even for demolition and rebuilding (Section 7, Section 15, Control of Rent Ordinance). It aimed at preventing landlords from charging exorbitant rents and evicting tenants in the face of the housing shortage. The latter was an important legal precedent provided for compulsory acquisition of land for development purposes. It allowed the authority to purchase land at a fixed value equal to the value at 22 April, 1955.[7] Both regulations had perpetuated influence on the later urban renewal process. The Planning Ordinance also came into force in 1959 to give effect to the Master Plan. This act was also the legal base

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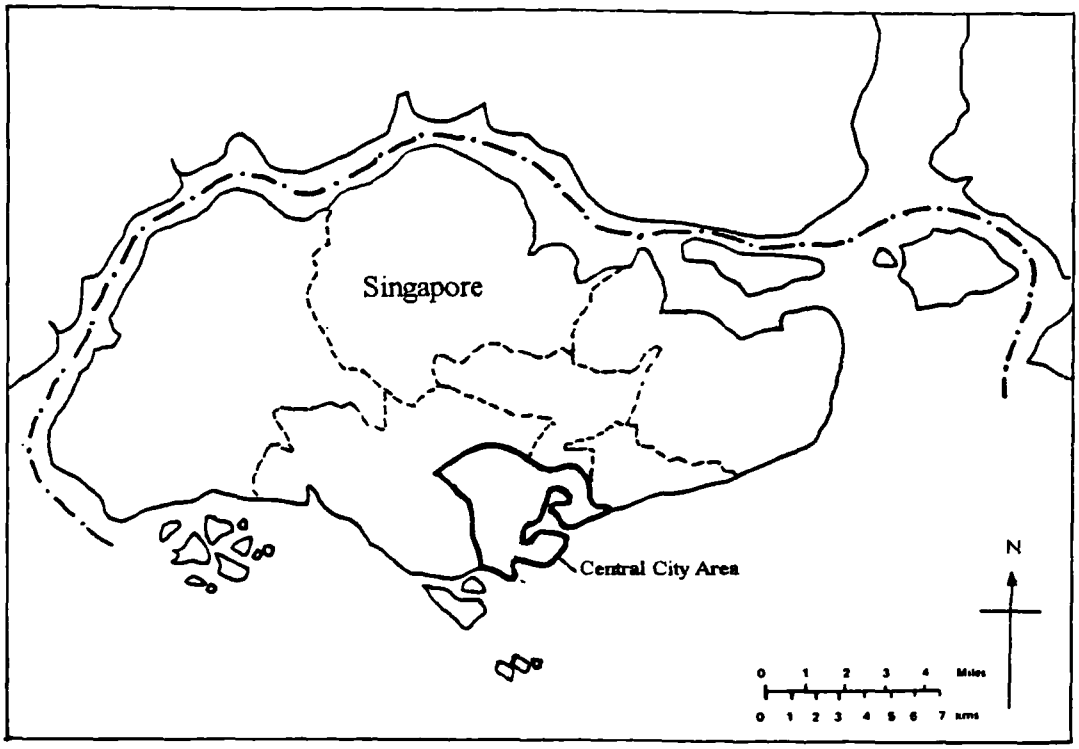
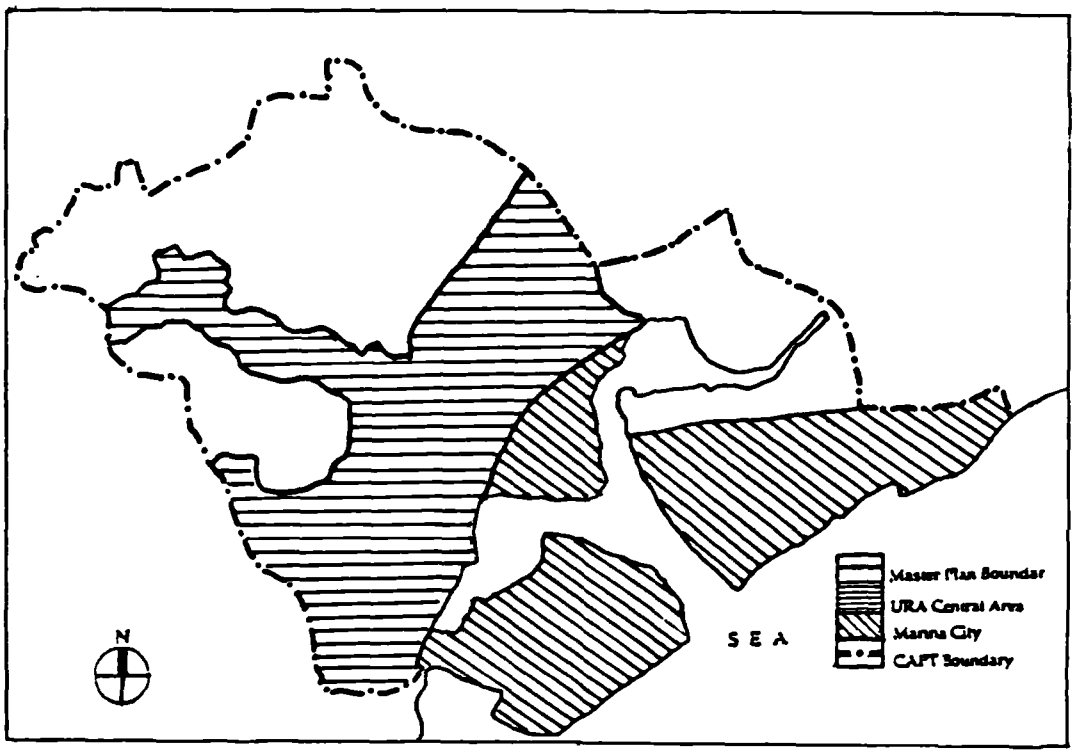
[6] The Master Plan objectives and proposals were reviewed by Choo, S., 1978; Jensen, 1976; Field, 1989.
[7] For a review of the earlier legislative framework see Yeung, 1973, pp. 27-41 and Lai, S. 1991, pp. 79-91.



Map 4.3.2. The Location of the Central Area, Singapore



Map 4.3.3. The Central Area, Singapore

base for the implementation of development control.[8] On the basis of this Act, proposals for the revision, addition or alteration to the Master Plan were required to be publicly exhibited for those affected to submit their objections. The overall planning function was vested in the Planning Department of the Ministry of National Development. The chief planner was the sole competent authority in charge of the review of planning proposals. A Master Planning Committee and a Development Control Committee were appointed by the Minister to assist the review of public and private proposals respectively. Appeals from Chief Planner went to the Minister whose decision was final.

4.3.2 Squatter Clearance and Public Housing Development (1959-1965)

The planning regime established by the colonial government contained several inspiring concepts but did not provide any effective measures to resolve the problem of housing shortage. From 1927 to 1959, only 23,000 housing units were completed (Field, 1989, p.4; Wan, T., 1975, pp. 4-5). A difficult task was thus left to the self-government of Singapore which was elected in 1959. The new government took quick action to seek immediate solutions. The Housing and Development Board (HDB) replaced the SIT in 1960 and became responsible for public housing and urban development. At this stage, housing development on the fringe area was strongly pursued by the authority (Map 4.3.4).[9] Most of the public estates were located within a five-mile radius of the city centre, involving high-density infilling of vacant sites within the existing urban areas (HDB Annual Report, 1960, p.8).

During the period of 1960-65, the HDB constructed over 65,000 flats in several isolated estates in the urban fringe area such as in Bukit Ho Swee, St. Michael's Estate, MacPherson Estate, Tanjong Rhu Road and Kallang Estate, and in two new towns - Queenstown and Toa Payoh. These public flats were mainly built for the resettlement of squatters and farmers, as most of them were displaced by slum clearance and compulsory

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[8] According to this act, all kinds of development require planning approval. 'Development' is given the widest possible interpretation. It means to carry out any building, engineering, mining or other operation on, or under land or making any material change in the use of any building or land (Section 10.1, Planning Act)

[9] Considering that the majority of these people entirely depended on the activities in the traditional central area for their livelihood, their income level was relatively low and they could not afford the high costs of transportation.

land acquisition. Hence, after the completion of the first five-year housing programme, a total number of 12,455 people who were displaced by slum clearance or compulsory acquisition obtained new flats in the public estates near their original neighbourhood. The substantial fringe development by the HDB compensated those who need to be resettled by offering them alternative housing (Report on Land Clearance and Development, 1956).

The government considered that the original Master Plan (1955), with its emphasis on development control, was insufficient to deal with the demand for rapid change. It decided to take the lead in searching a new planning regime suitable for its own needs. The government embarked on two research projects with the aid of the United Nations Development Programme (UNDP). The first project was conducted by Lorange in 1962; the second was carried out by a group of consultants led by Koenigsberger, Abrams and Kobe in 1963. One of the main concepts of their proposals was to establish a two-tier planning system, with a long range land-use plan, commonly known as the Concept Plan or the Ring Plan, to serve as a guiding principle for development; and a series of Action Programmes, or Action Plans, to serve as public initiatives for synchronised investment. More intriguingly, both projects strongly proposed retaining the general features of the original city core and rejected the idea of wholesale demolition of large quarters of the historical centre. Urban renewal for the Central Area was to be implemented by 'a phased rehabilitation rather than entire rebuilding of the old city' (Lorange, 1962).

Their emphasis on rehabilitation and conservation was entirely different from the government's aspiration. For the government, although the city centre embraced the early settlement and development pattern of the original city, many of the buildings and the nature of the street layout were not considered to be appropriate as the basis for a major business and financial centre. Moreover, rehabilitation would not bring major economic benefits from higher land value, since the property taxation system in this country was based on improvement value, i.e., rental or capital value of properties, rather than site value (Choo, S.,1988, pp. 275-76). Comprehensive redevelopment was more politically astute as well as fiscally sound and administratively convenient (Gamer, 1972, pp. 142-43).

The idea of urban conservation, which made its appearance in the early Master Plan and again in the UN reports, was completely rejected by the government. Comprehensive

redevelopment rather than rehabilitation was regarded by the government as a rational way to transform Singapore into a modern city. However, at this stage, the practice of urban renewal in the Central Area was faced with several difficulties (Field, 1989, p.8; Jenson, 1976, p.122). The main problem was that most of the properties were under a rigid rent-control. A stifling property-tax system and a pattern of fragmented land ownership also acted against private redevelopment. Therefore, if the Central Area was to be redeveloped on a comprehensive and long-term base, public initiatives appeared to be necessary.

4.3.3 The Establishment of New Planning Regime (1966-1979)

After gaining independence in 1965, the government set up an organisation, known as the State and City Planning (SCP) under the Ministry of National Development. A four-year research project, generally referred to as the SCP Project, was issued in the same year. The direct result of this research project was a three-tier planning system of Concept Plan, Master Plan and Action Plan. A new Concept Plan (or Ring Plan) was formulated and accepted by the government in 1973 (Map 4.3.4). It served as a non-statutory physical plan to guide long-term development.[10] The existing Master Plan was retained as a short-term statutory plan to control land use, private development, land values and the levy of development charges. It was to be revised in every five-years. Several Action Plans (or Development Guide Plans) were drafted in the following years on the basis of special needs in specific areas. The Action Plan for the redevelopment of the Central Area became the blueprint of the Master Plan for Urban Renewal (MPUR), which was formulated by the URA in 1973.[11]

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[10] The project had three major objectives: First, and primarily, to prepare a long-range, comprehensive land use and transportation plan to guide the future physical development of the city, to prepare a programme for the implementation of this plan and to establish machinery for its continuous review and updating. Second, to prepare policies and programmes for urban renewal in the old areas of the city. Third, to make recommendations to the government concerning the type of mass transit system appropriate for the island (Wardlaw, 1971; Olszewski and Skeates, 1971). For a detailed discussion on SCP see Western, 1966 and Tan, J. 1966 .

[11] It provided for a doubling of population and employment within the current CA: population was to increase from 248,000 to 300,000, employment from 155,000 to 300,000. To accommodate this growth, it proposed a large-scale residential redevelopment within the CA by the HDB. Public transportation, including the construction of a Mass Rapid Transit System was also recommended. It also revised several guidelines for zoning and plot ratio control (Olszewski and Skeates, 1971, p.61-72).

To provide an institutional basis for the plans, the reform of the administrative and legislative frameworks also came onto the official agenda. The government established the Housing Resettlement Department under the HDB in 1964, with a main task to rehouse residents from the key renewal areas to the public estates. This was a realisation of an original principle laid down by the original Master Plan (1955) which emphasised that the process of slum clearance, resettlement, public housing and urban renewal should be intimately connected. The Urban Renewal Department (URD) was also set up within the HDB in 1966. It was in charge with a wide range of responsibilities, including drawing and co-ordinating plans for the Central Areas, designing public housing and commercial estates, controlling private investment, preserving or rehabilitating historical buildings, and co-ordinating development projects. Also, to make urban renewal more efficient, a central authority - the Urban Renewal Steering Committee (URSC) - was established in 1971 under the chairmanship of the Permanent Secretary for National Development. It was responsible for co-ordinating the URD with other public bodies. Two years later, the URD separated from the HDB and became an individual statutory authority, generally known as the Urban Redevelopment Authority (URA).

The government revised several earlier legislation relating to the implementation of urban renewal.[12] It first replaced the existing Land Acquisition Ordinance with the Land Acquisition Act in 1966. On the authority of this Act, the state could compulsorily acquire land and buildings 'when the land was needed by any person, corporation or statutory board, for any work or an undertaking which, in the opinion of the Minister, was of public interest, or for any residential, commercial, industrial purpose' (Section 5, Land Acquisition Act, 1966). Any increase in land value by reason of the development within seven years preceding the date of acquisition would not be taken into account. The amendment in 1973 went further: the relevant date for counting land value was fixed at 30 November, 1973. Property owners thus had to accept two scales of values depending whether their properties were acquired by the government under compulsory purchase procedures or were sold in the market (Section 10, Land Acquisition Act, 1966).

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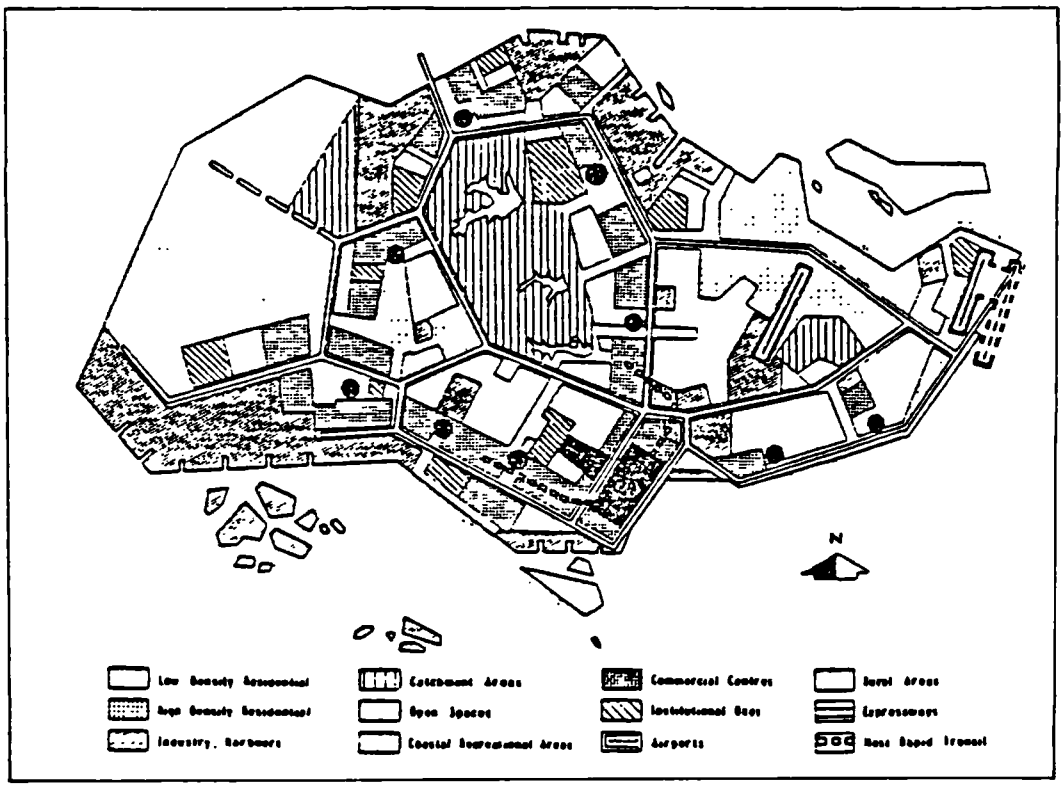
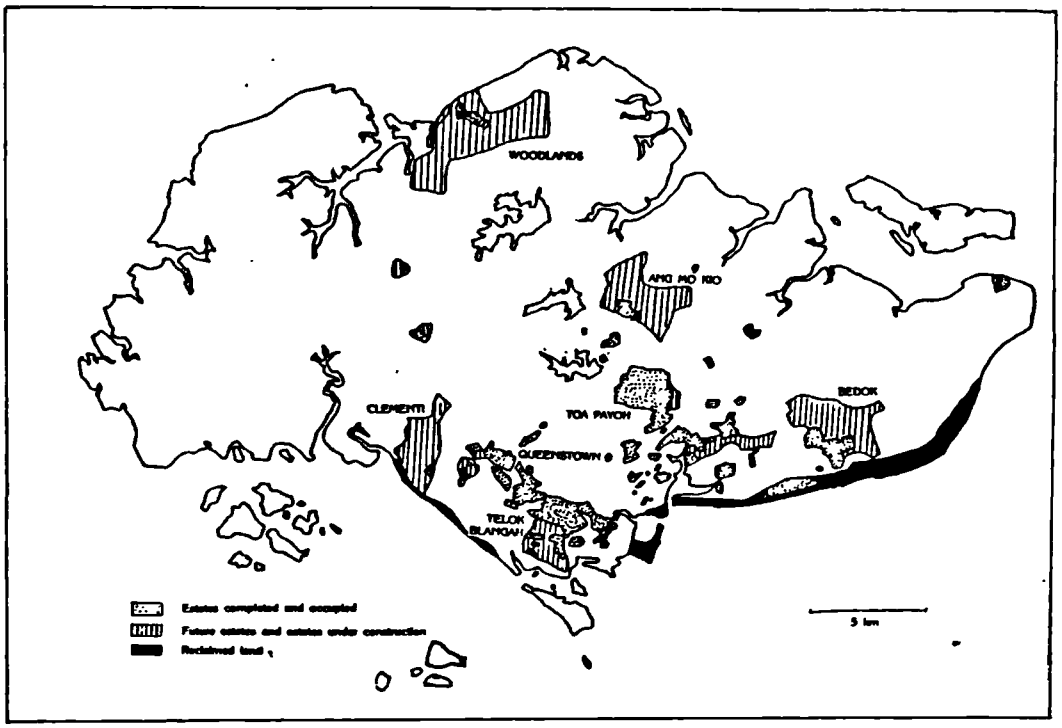
[12] Detailed discussion of the legislative framework see Lai, A., 1990, pp. 79-91.



Map 4.3.4. Generalised Urban Structure of the Concept Plan, Singapore



Map 4.3.5. Location of Public Estates, Singapore

The Controlled Premises Act (Special Provision) was revised in 1969.[13] It enabled the Minister to declare any part of Singapore as a 'Development Area'; also allowed owners of rent-controlled properties to repossess and redevelop their properties within certain designated development areas. Private owners who failed to undertake their proposed development within six months after repossessing properties or were unable to complete the entire redevelopment within three to ten years, would be subject to compulsory acquisition (Section 3-7, Controlled Premises Act, 1969). The Urban Redevelopment Act also came into force in 1973. It set out the functions, duties and powers of the Urban Redevelopment Authority, and contained the provision for the declaration of an 'Urban Redevelopment Area'. The authority could from time to time, with the approval of the Minister, declare a place as an urban redevelopment area for renewal activities. Land and properties in this area would be acquired by the authority within three years from the date of notification in the Gazette or within such extended period as the Minister might think fit (Section 15-27, Urban Redevelopment Act, 1973).

Among these new regulations, the Land Acquisition Act was particularly important. It challenged the conventional concept of 'property right' in most capitalist societies since it gave the planning authority absolute power to intervene in the private sphere without individuals' concessions. According to this act, the authority has the right to declare any areas with private properties as the sites for development purposes. The authority was not required to either disclose or establish its intentions for the sites in question at the time of a declaration. On condition that the properties could not be obtained by agreement, the authority could exercise compulsory acquisition powers given by the law to achieve its objective. This practice gave no chance to property owners to appeal to juridical court or administrative tribunals if they disagreed with the propriety of the public purpose or demanded evidence that alternative sites had been considered and reasons why they had been rejected. Only the objection to the measure-

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[13] Historically, rent control was firstly introduced between 1914 and 1923 as a short-term expedient to deal with the housing shortage and rising rent during the First World War. After this short interlude, rent control was brought into operation again during the Second World War. All these culminated in the Control of Rent Ordinance in 1947. The legislation applied to both to residential as well as business premises which built or completed on and before 1947. To provide tenants the security of tenure, the legislation forbade the recovery by the landlord from the tenant of any lump sum payment premium as a condition of grant, renewal, transfer or continuance of a tenancy.

ment of the affected areas or the claims for compensation could be regarded by the authority.[14]

At this stage, the government emphasised more comprehensive planning for housing estates in the form of new towns. Throughout the 1970s, eight new towns were built by the HDB in accordance with the prototype new town model - a relatively self-contained population centre with high-density, high-rise public housing built at net densities of between 110 and 220 units per hectare.[15] The location of new towns was to a large extent determined by the Concept Plan which suggested housing development taking place along the southern coastal belt and further in a ring around the central reserve cum-water catchment area (Map 4.3.5). A total number of 265,600 flats, mostly three and four-room units, were built on a land area totalling 5,680 hectares. Apart from these new towns, the HDB also started to build public estates in Marine Parade, Farier Road and Tampines and continued to carry out the development of Queenstown, Toa Payoh, Kallang Basin, Balestier Road and Upper Changi Road. The annual expenditure of the HDB was even more than a third of the total government annual capital budget (HDB Annual Report, 1985).

Following the success of housing development, the government reckoned that the essential pre-conditions for urban redevelopment had been achieved. According to the principle of staged redevelopment laid down by the Master Plan for Urban Renewal, the URA divided the Central Area into several sub-areas, including two central business districts, one civic centre and nineteen precincts (Map 4.3.6).[16] They were numbered in accordance with their priority for redevelopment.[17] The official proposal was to start urban renewal in one precinct in the extreme north and another in the extreme south, then moving gradually towards the most central precinct until the whole area was entirely redeveloped (Choe, A., 1975, p.102). Also, in the designated area, rent-control would be

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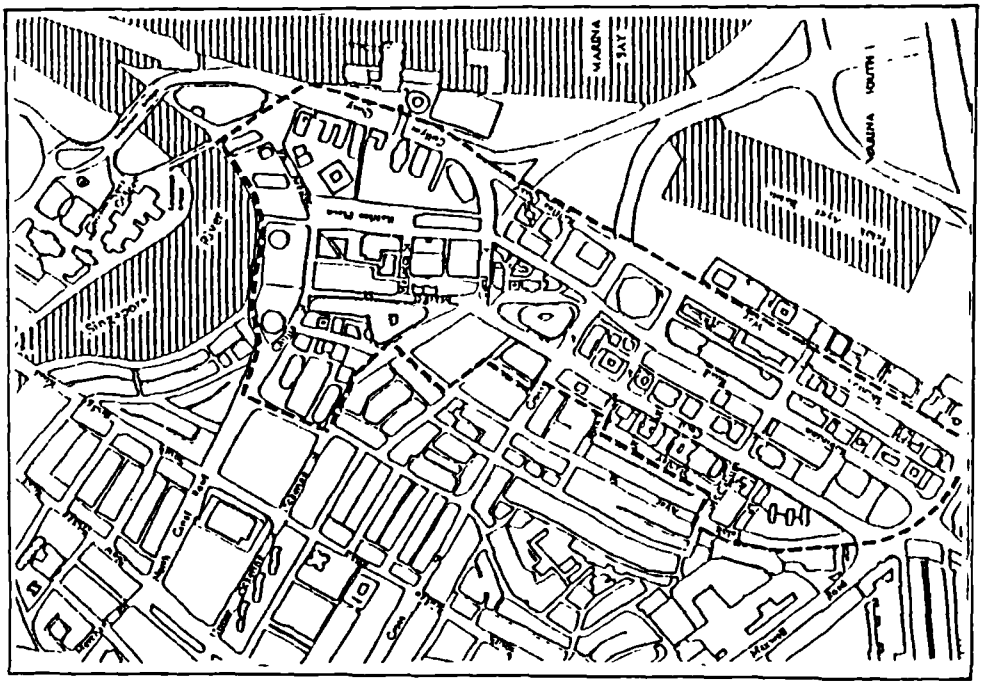
[14] For a detailed discussion see Kon and Lim, 1969, pp. 332-34; Grebler, 1964, p.76-88; Lim, S.,1975, pp. 45-55.

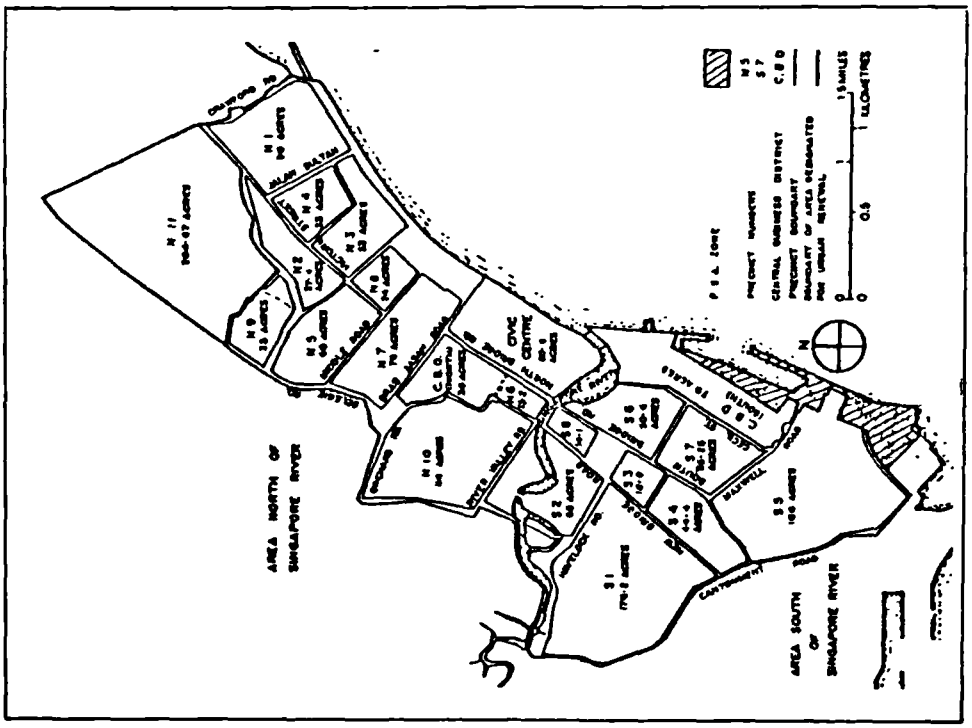
[15] They were: Woodlands New Town (1971), Telok Blangah (1972), Bedok and Ang Mo Kio (1973), Clementi (1974), Yishun (1976), Houngan, Jurong East and Jurong West (1979)

[16] The Civic Center, the North CBD, and eleven precincts were located to the North of the Singapore River with the remaining to the South of the river.

[17] The priority was based on 1) the availability of land (in this stance based on areas where most of the land is state land), 2) the possibility of clearance, 3) the stage of deterioration which poses the urgency for redevelopment, and 4) the need of the land for development or for road and other public utility and amenity improvement proposals and its fitting in with the plan for comprehensive renewal. Detailed discussion of the precinctal division see Choe, A., 1975, pp. 102-14; Jenson, 1967, pp. 126-27.



Map 4.3.7. The Golden Shoe Area, Singapore



Map 4.3.6. Central Area Precinctal Division

lifted to allow land-owners repossess their land properties for redevelopment. Given that some fragmented properties were unlikely to be developed privately, the authority moved in to acquire land and properties from their owners. The assembled parcels were then sold to private developers through the land sale scheme (URA, 1989, p.58).

Comprehensive development of the Central Area came to take place along two major axes. One of them paralleled the sea coast between Singapore Port and Kallang Basin Industrial Estate. The other extended westward from the historical core on the seafront north of the Singapore River, along Orchard Road and eastward onto planned reclaimed land (Olszewski and Skeates, 1971, p.66). Throughout the 1970s, the Central Area was transformed by many large-scale, comprehensive redevelopment projects assisted by the successful land sale scheme. The best illustration was an eighty-acre land area covering the vicinity of Shenton Way. After being declared as a 'Development Area' in 1970, rent-control was lifted, land parcels were sold to private developers and the pace of redevelopment was given an unexpected boost in the early 1970s. After comprehensive redevelopment, this area functioned as a financial centre for the city and gained itself a name as 'Golden Shoe' as for its shape and land value (Map 4.3.7). [18] Apart from this area, office and commercial development also took place in Orchard Road corridor, and in the vicinity of the City Hall and the North bank of the river. The Central Area alone provided more than 75 per cent of the total office space in the early 1980s.

Interestingly, for the government, the residential land in the Central Area would be reserved exclusively for housing in the future. Following the completion of the first and the second five-years HDB programmes, the proportion of population living in traditional shophouses declined from 90 per cent in 1957 to 56 per cent in 1970. The Central Area as a whole experienced a considerable decline in population and density. The HDB was thus expected to construct more than 10,000 flats on the residential land along the banks of the Singapore River and the Rochore Canal which was sold at subsidised prices. Also, a 106 acres land area in the Marina Centre reclamation was earmarked for constructing private condominium housing with specially priced sites offered to reduce land costs for development. This policy, apparently a reaction to the rapid decline of

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[18] The average land value in the Golden Shoe Area increased 80 per cent from 1971 to 1972, and over 100 per cent from 1972 to 1973. See Choo, S., 1978, pp. 90, 93-94.

population, aimed to give a balance to the decentralisation process which had been promoted in the Master Plan.[19]

Generally speaking, the Master Plan for Urban Redevelopment introduced a more intensive type of development into the Central Area. High-rise official and commercial buildings were erected at the core of the CA. Land around the city core was fully occupied by high-rise, high-density public housing estates. Most of the new development projects in this area displayed a trend in the direction of multi-use structures or mega structures, packaged with the jargon 'city-within-a city'.[20] Many pre-war shophouses gave way to these commercial and residential complexes. The urban space was drastically transformed in the 1970s - an era which was seen as the 'most spectacular decade in Singapore's history' - by its political leadership (Lee, K., 1975).

4.3.4 Urban Redevelopment for the Making of a Global City (1980-)

The early 1980s witnessed a massive injection of public expenditure and private investment in the redevelopment of the Central Area in line with the 'global city' agenda. The Central Area Planning Team (CAPT), chaired by the General Manager of the URA and including chief members of key development agencies such as URA, HDB and PWD, was formed under the Urban Renewal Steering Committee. The main tasks were to co-ordinate different public bodies in a framework that can help to formulate land-use plans and urban design concepts for the global city in the coming years. The CAPT issued several studies combining a series of estimates and projections, including population, employment, floor space requirement. An Interim Report and a Urban Growth Image Plan were produced as a result of these preceding analyses (URA, Annual Report, 1979/80, p.12).

According to the CAPT, the major objectives for developing the Central Area at this stage were: to establish and promote the Central Area as the trade, financial and culture

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[19] The emphasis on more housing in the Central Area was widely publicized through important speeches by both the Prime Minister and the Minister of National Development, such as 'Time to Get More People to Live in the CBD' (Strait Times, 1, Nov., 1975); 'More People to Live in the City' (Singapore Bulletin 4, 1975); 'Advantages of Living in the City Center' (Mirror, 28, Jun. 1976); 'Checking Drift from the City Center' (Singapore Bulletin 6, 1977).

[20] Two mixed-use development projects in Marina Bay and Raffles City were considered to be the largest urban renewal schemes of their kind in Southeast Asia (Field, 1989, p.18).

centre of the republic; to improve environmental conditions and investment opportunities in the Central Area through continuous clearance of slums and the redevelopment of the run-down areas; to stimulate residential development by providing more residential units with an emphasis on achieving greater variety of housing to accommodate a cross-section of the population; to preserve and revitalise specific areas and buildings with cultural and historical significance; and to provide opportunities for a wide range of social and cultural activities of national and city-wide significance (URA, 1980, p.32-4). The CAPT revised the Master Plan and extended the Central Area to a total of 2,545 hectares, more than three times the size of the old URA Central Area (Map 4.3.2). For planning purposes, the CAPT divided the existing use patterns of the Central Area into two categories - the hard area and the soft area - in terms of their opportunities for redevelopment from both economic and general aspects.[21] In view of the fact that half of the rent-controlled properties were located on residential land and there would not be sufficient incentive for any forms of redevelopment, the CAPT also suggested to convert these rent-controlled properties, in particular pre-war shophouses, to state ownership through compulsory acquisition.

A significant change in policy was that the CAPT planned to restrict public housing development within the URA Central Area (Straits Times, 24, Sept., 1981). From the official point of view, the HDB redevelopment projects, which built public estates in the Central Area in order to resettle low-income residents in the run-down areas to the nearby neighbourhood, were no longer to be tolerated (URA, 1980, pp. 57-58). The motive behind this decision was to avoid a situation in which the commercial centre in the Central Area would be surrounded by a wide band of public estates that 'stand in contrast with modern skyscrapers - both in volumes, quality of materials, and visual images' (Ibid., 1980, p.58). Accordingly, high-density public housing would be confined to those areas which were already in course of construction and several areas which had been acquired by the HDB would be developed for other uses.[22] Added to this, new

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[21] A land area of 543 hectares in the Central Area with recently completed buildings was classified as the hard area; a land area of 1200 hectares was classified as the soft area in terms of their redevelopment opportunities. Approximately 60 per cent of the previous URA Central Area or a land of 484 hectares was considered to be the hard area (URA, 1980, p.15-16, p.43).

[22] These HDB land parcels were mainly located in Ann Siang Hill, Telok Ayer Street and Duxton Plains (Ibid., 1980, p.58).

housing developments initiated by the private sector or by the URA were only allowed to take place outside the boundary of the URA Central Area. Residential use within this area must be mixed with commercial and office uses. As a result of the exclusion of residential use, the Central Area was expected to lose 10 per cent of its population and a reduction of the residential density by 18 per cent within five years after 1980 (Ibid., 1980, p.50). Land previously acquired for public housing development had to be given a new use, thus a large pool of state land became available.

Moreover, the government became more concerned about the visual image that the Central Area represented. For the CAPT, there was an urgent need to 'enhance the visual contrast, richness and historical perspective of the city' through the guidance of an overall urban design that can 'preserve the visual and psychological values of diversity, meaning, comfort and tradition' (Ibid., 1980, p.34). On the basis of the Urban Growth Image Plan, the Urban Design Envelope Control Plan was formulated by the URA in the early 1980s and served to control the visual image and built form of the Central Area (URA, Annual Report, 1983/84). Several measures concerning the preservation and rehabilitation of historic buildings also appeared on the official agenda. All these seem to have been part of a comprehensive package of aesthetic improvement calculated to overturn the image of Singapore as a dehumanising and unfathomable concrete jungle. However, it is also noted that before the mid-1980s, pro-development criteria still by and large overrode equity and aesthetic considerations. Preservation and rehabilitation were still not generally practical propositions. A detailed analysis is needed before quickly jumping into a conclusion. In the next section I focus on several trends taking place in urban planning and the property market which were closely associated with these changes.

4.4 Urban Planning and Property Market in the post-1980 Era

4.4.1 Over-Supply of Floor Space and Downturn of the Property Market

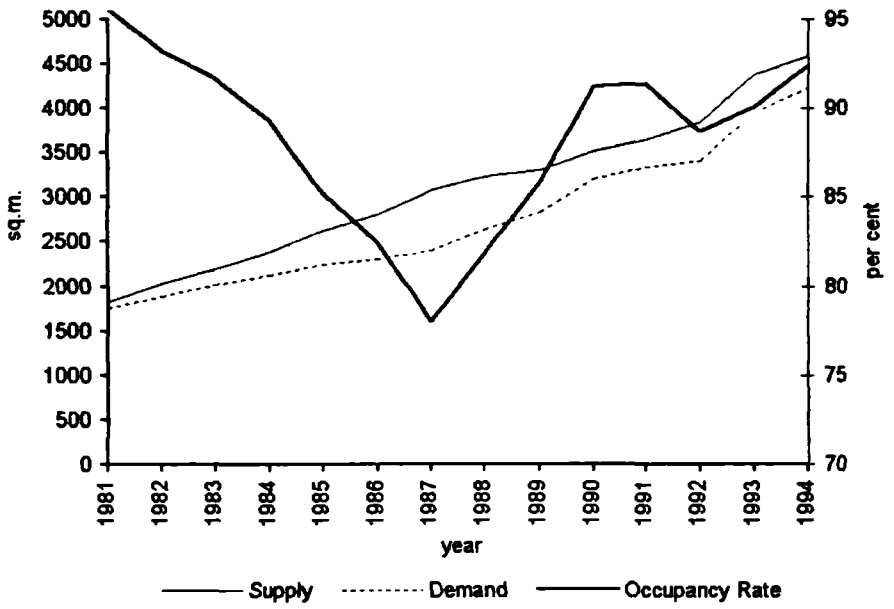
One major trend, which appeared on the eve of the second construction boom, was that the property market was halted because floor space was in excess of the needs of the market. Figure 4.4.1~3 illustrate the changes in supply, demand, and occupancy rate in the office, commercial and residential sectors. It seems that an observable excess of floor

space became evident in all these sectors after 1984. The over-supply of office space reached a peak in 1987 when office space provided was 3,074,000 sq.m., an excess of 678,000 sq.m. The commercial sector exhibited a similar trend; in 1987, the supply of commercial space was 1,480,000 sq.m., an excess of 277,000 sq.m. The excess supply of private residential units also reached to a high at 8,470 units. The over-supply situation remained consistent in the following years (Appendix 1.13).

The over-supply of floor space threw a dark shadow on the occupancy rate and on property prices. The occupancy rates of office, commercial and residential space were on average above 90 per cent before 1983. They began to decline after 1984, reaching the bottom in 1987. During that year, only 78 per cent of office space, 81.3 per cent of commercial space and 80.3 per cent of private residential units were taken. The office sector seems to have been more affected by the over-supply of floor space in comparison with the commercial or residential sectors (Appendix 1.13). The decline in property prices was in line with the trend in the occupancy rate. As indicated in Table 4.4.1, property prices sharply escalated between 1981 and 1983. Property prices in general rose by 65 per cent in 1980 and 83 per cent in 1981. Among the four sectors, office and industrial properties recorded the biggest increases. Property prices of both sectors rose 180 per cent and 108.8 per cent respectively in 1983. Property prices began to fall when the construction boom started. The average price, for instance, slipped by 7.7 per cent in 1984, 16.7 per cent in 1985 and 13.0 per cent in 1986. Among the four sectors, office and commercial properties were mostly affected, experiencing a reduction of 25.4 per cent in 1985. A small recovery emerged in the period 1988-89 during which the average prices increased 18.4 per cent and 6.8 per cent. However, it was not until the mid-1990s that property prices rose again. Hence, it seems very clear that the buoyant market in the early 1980s ended on the eve of the construction boom. The overall price slipped to the bottom in the mid-1980s and failed to make a full recovery until the mid-1990s (Figure 4.4.4).

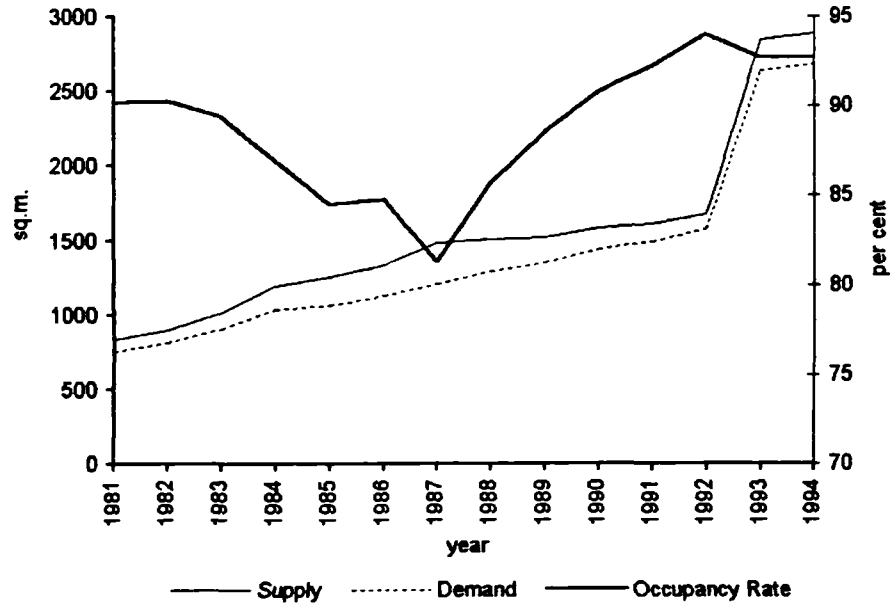
Various reasons which caused the downturn of the property market were given by the government in several surveys (Economic Committee, 1986; Quah, S, 1986; Tay, C. 1987). In short, the peaking of property prices in the early 1980s obviously motivated property developers to build additional units and sell them just for short-term capital gain. This speculation was compounded in part by the release of land through the land

Figure 4.4.1 Supply, Demand and Occupancy Rate of Office Space, Singapore



Source: Appendix 1.13

Figure 4.4.2 Supply, Demand and Occupancy Rate of Commercial Space, Singapore



Source: Appendix 1.13

Table 4.4.1 Percentage Change in Property Prices, Singapore, 1979-1994

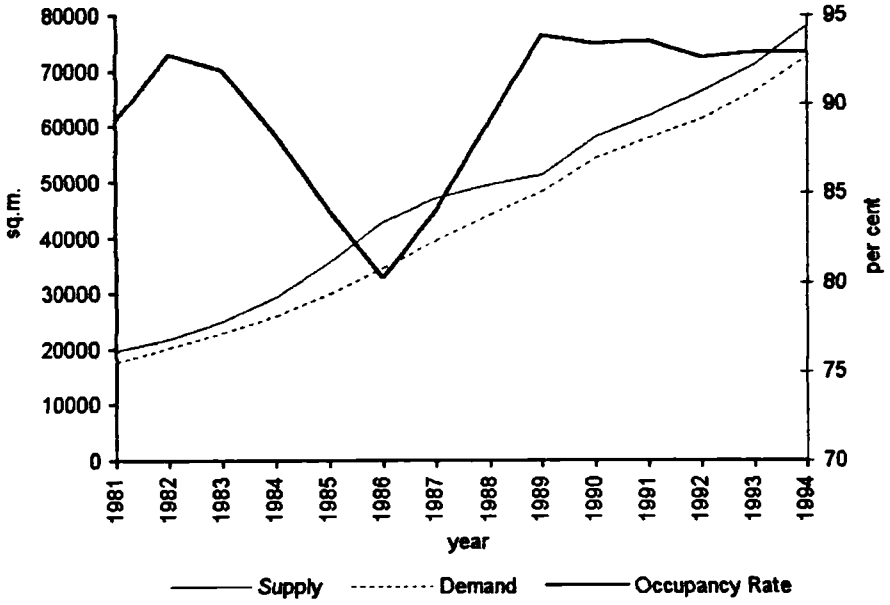
	All Properties	*Residential*	*Office*	*Commercial*	*Industrial*
1979	16.2	21.9	16.2	21.4	3.4
1980	65.1	66.7	86.0	35.3	51.7
1981	83.1	70.8	180.0	71.3	108.8
1982	-3.8	0.9	-13.8	-15.7	-11.1
1983	4.0	12.5	-10.4	-10.2	-16.6
1984	-7.7	-5.6	-22.5	-10.1	-11.3
1985	-16.7	-16.0	-25.4	-25.4	-20.0
1986	-13.0	-12.0	-16.0	-4.0	-25.0
1987	18.4	17.0	16.7	18.8	5.3
1988	6.8	6.8	19.4	8.8	8.9
1989	0.5	0.7	-6.8	-8.1	9.3
1990	0.3	0.6	-4.6	-5.3	8.5
1991	0.5	1.0	-6.6	-6.5	8.8
1992	10.4	13.1	-3.7	-7.4	9.0
1993	24.3	28.0	-1.1	-3.0	6.6
1994	40.6	43.6	25.4	17.3	16.3
1995	15.8	14.1	35.3	15.6	28.7

Source: Appendix 1.14

sale scheme in which excessive plot ratios were given for development. At the same time, public housing construction was accelerated by the housing authority in the new towns. Therefore the supply-side of floor space was greatly expanded. The slowdown of the national economy after the early 1980s had no doubt a very strong impact on the effective demand for office and commercial space. The demand for housing also gradually approached its limit since the majority of the population already lived in the public estates. All these factors caused the supply to increase at a faster rate than the demand, culminating in a glut of floor space. The over-supply situation was therefore reflected in a low occupancy rate of floor space and the decline in property prices.

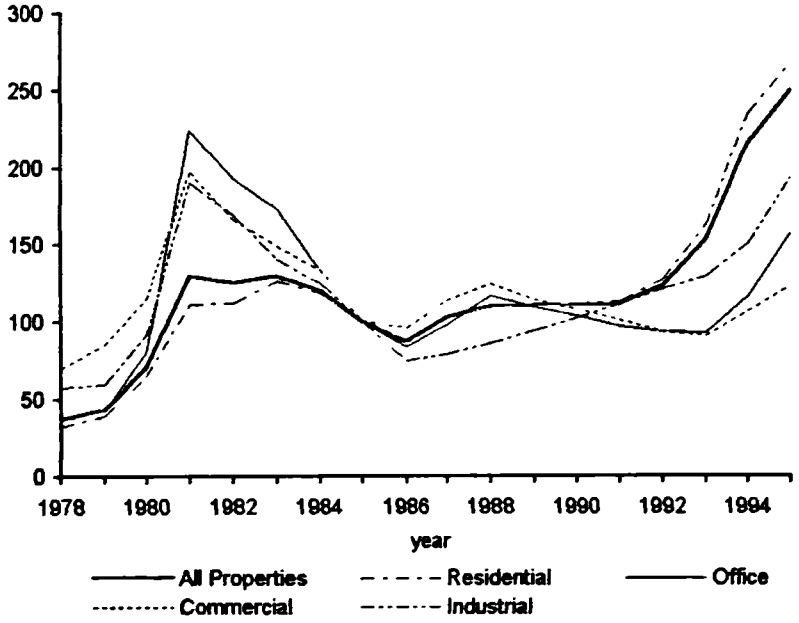
Interestingly, the fall of the occupancy rates of office and commercial space exhibited a geographical variation. In Table 4.4.2 the data are divided into three categories - Central Area, Orchard Road and Rest of Island - for closer inspection. It is seen that during the period 1983-86, the occupancy rate of office space in the Central Area declined from 92 to 80.6 per cent. The occupancy rate of commercial space decreased from 92.7 to 83.6 per cent. The occupancy rate of office space built by the public sector in particular, even dropped below 79 per cent in 1986, as did that of commercial space built by the private sector. The occupancy rates of office and commercial space in other two areas - Orchard Road and the Rest of Island - also decreased over the same period

Figure 4.4.3 Supply, Demand and Occupancy Rate of Residential Space, Singapore



Source: Appendix 1.13

Figure 4.4.4 Property Price Index by Sector(1985=100), Singapore



Source: Appendix 1.14

Table 4.4.2 Geographical Variation of Occupancy Rate, Singapore, 1979-1995

	1979	*1983*	*1986*	*1989*	*1995*
			Occupancy Rate-Office Space		
Central Area					
Total	89.3	92.0	80.6	86.5	93.5
Public Sector	94.7	90.7	86.7	75.6	97.1
Private Sector	87.6	96.0	79.0	89.2	93.1
Orchard Road					
Total	86.7	92.0	85.4	93.5	94.4
Public Sector	65.3	91.0	84.4	93.5	91.3
Private Sector	93.9	94.8	85.6	93.5	94.8
Rest of Island					
Total	87.8	91.0	85.5	90.1	91.7
Public Sector	83.4	83.4	84.2	89.4	93.9
Private Sector	95.1	95.2	87.9	92.1	89.5
			Occupancy Rate-Commercial Space		
Central Area					
Total	91.9	92.7	83.6	89.5	81.6
Public Sector	94.5	90.4	79.4	87.0	100
Private Sector	90.3	95.9	89.4	93.8	78.0
Orchard Road					
Total	90.3	87.8	86.1	95.7	92.9
Public Sector	65.2	87.5	86.0	95.6	100
Private Sector	91.2	95.5	89.0	97.7	92.0
Rest of Island					
Total	84.9	87.3	85.1	84.1	86.9
Public Sector	82.1	86.9	77.3	84.6	98.0
Private Sector	89.0	87.6	89.6	83.9	84.0

Source: Stock and Occupancy, URA, 1993-1995, Singapore

but the percentage change was less significant than that in the Central Area (Table 4.4.2). Thus, compared with Orchard Road and the Rest of Island, office and commercial space built in the Central Area was most seriously affected by the over-supply situation. This had direct impact on the office decentralisation process later pursued by the government.

4.4.2 Decentralisation of Office Development Led by the Public Sector

Before entering the discussion of the change in office development in Singapore, the first point to be considered is the trend of demand among business sectors during this period. According to a survey of business sectors conducted in the mid-1980s, firms in Singapore had specific requirements when they chose particular locations.[23] It was found that the prestige of the office sites and the need to be located in a good position were of

[23] For the details of this survey, see Tie, S., 1985, pp. 2-3.

paramount importance to banking and financial institutions. These institutions tended to be close to related businesses and were willing to pay the higher rent associated with superior locations, especially in the core of the Central Area (i.e. the Raffles Place-Shenton Way axis). As indicated in Table 4.4.3, the inner core of the Central Area was dominated by firms in the financial and producer-service sectors. Altogether banking and professional services took over 60 per cent of the office space in the inner core of the CA. These firms were normally in need of direct contact with their customers, suppliers and supporting activities. A central location enabled agglomeration economies to be reaped. Also, more than 90 per cent of firms in the banking and insurance sectors were located in buildings within the inner core of the CA. Professional services and trading companies tended to choose office sites closer to these sectors. Hence, over 64 per cent of these firms concentrated in the inner core of the CA while another 35 per cent of these firms were located outside the inner core but within the Central Area (i.e. the Maxwell Road, Orchard Road) (Appendix 1.15). It is clear that Professional services accounted for 47 per cent of the office space in the outer core of the CA. It seems that in a rising rental market, these firms might move further outward to cheaper site in the Fringe of the CA. This tendency can partly explain the emergence of new office sub-markets in the Fringe area of the CA, particularly along the New Bridge Road and Beach Road axes.

Table 4.4.3 Share of Office Space by Sectors, Singapore, 1985

	Central Area			*Outside Central Area*	
	Inner Core	*Outer Core*	*Decentralized Zones*	*Fringe of CA*	*Periphery Area*
Business Sector			*Percentage*		
Banking	53.4	0.0	0.0	25.0	0.0
Professional Service/Consultants	13.0	46.6	28.0	0.0	2.6
Trading	6.5	8.7	39.4	6.7	0.0
Oil/Petroleum	2.1	0.0	0.0	12.0	48.2
Engineering/Construction	3.6	19.1	29.3	0.0	0.0
Insurance	7.0	0.0	0.0	0.0	0.0
Computer Service	3.0	0.0	0.0	0.0	23.3
Finance Brokerage	4.0	11.2	0.0	0.0	0.0
Shipping/Freight	1.6	0.0	0.0	0.0	6.5
Others (public service)	5.5	14.4	3.2	56.0	19.2
Total	100.0	100.0	100.0	100.0	100.0

Source: Appendix 1.15

Table 4.4.3 also suggests that other sectors, such as oil and petroleum-related firms, computer services, engineering and construction companies, and public services were more price/rent sensitive and less enthusiastic about the central location. Public service occupied 56 per cent of the total office space provided in the Fringe of the Central Area. Office space generated in the Periphery Area was dominated by oil and petroleum related companies. About 53 per cent of engineering and construction firms rented office outside the inner core of the CA. More than 70 per cent of oil and petroleum companies, 47 per cent of computer services and 32 per cent of public services were located outside the CA (Appendix 1.15).

However, whether there would be a more significant shift of demand away from the core of the Central Area to the peripheral area depends on the structural changes in the economy and the decisions of individual firms. For the government, it was believed that the economy needed a greater variety of supply sources to serve firms with different locational interests and affordability. The decentralisation process of office development was initiated by the public sector.

Table 4.4.4 shows the change in the distribution of office space in three different geographical areas between 1979 and 1995. In 1979, about 67.2 per cent of the total office space was generated in the Central Area, while 15.9 per cent was in Orchard Road and another 16.9 per cent was in the Rest of Island. The percentage shares of the Central Area and Orchard Road in office space exhibited substantial decline throughout the 1980s. During the period 1979-84, the Central Area lost about 7.2 per cent share of office space, while that of the Orchard Road gained 6.6 per cent increase. Between 1984 and 1989, the Central Area and Orchard Road lost about 0.9 per cent and 12.5 per cent share of office space respectively, while that of the Rest of Island gained a substantial growth, 12.5 per cent. Thus the percentage share of the Central Area dropped to 42.3 per cent in 1994 and that of Orchard Road fell to 8.1 per cent. The Rest of Island, by contrast, gained a large increase in office space, the percentage share jumping to 49.6 per cent in 1994. It is therefore seen that office development experienced an observable decentralisation: office development moved out from the Central Area to Orchard Road and then to the Rest of Island.

As the data are further divided by sectors, more interesting results could be obtained. The increase in percentage share of office space in the Rest of Island during the 1980s

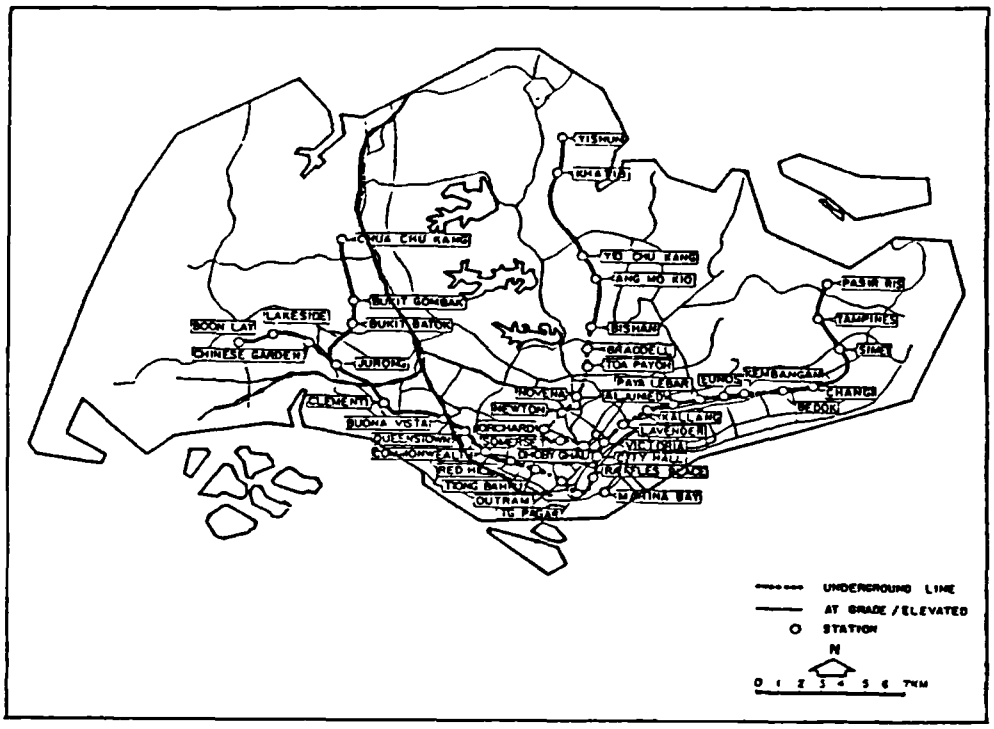
Table 4.4.4 Geographical Distribution of Office Development, Singapore, 1979-1995

	1979	*1984*	*1989*	*1995*	*1979-1984*	*1984-1989*	*1989-1995*
Both Sector							
Central Area	67.2	60.0	59.1	42.3	-7.2	-0.9	-16.8
Orchard Road	15.9	22.5	10.3	8.1	6.6	-12.2	-2.2
The Rest of Island	16.9	17.5	30.0	49.6	0.6	12.5	19.9
Public Sector							
Central Area	52.0	40.0	34.0	26.7	-12.0	-6.0	-7.3
Orchard Road	13.0	8.0	5.0	4.2	-5.0	-3.0	-0.8
The Rest of Island	35.0	52.5	61.0	69.1	17.5	8.5	8.1
Private Sector							
Central Area	74.0	70.0	73.4	50.5	-4.0	3.4	-22.9
Orchard Road	17.0	14.8	13.1	9.3	-2.2	-1.7	-3.8
The Rest of Island	9.1	15.2	13.5	40.2	6.1	-1.7	26.7

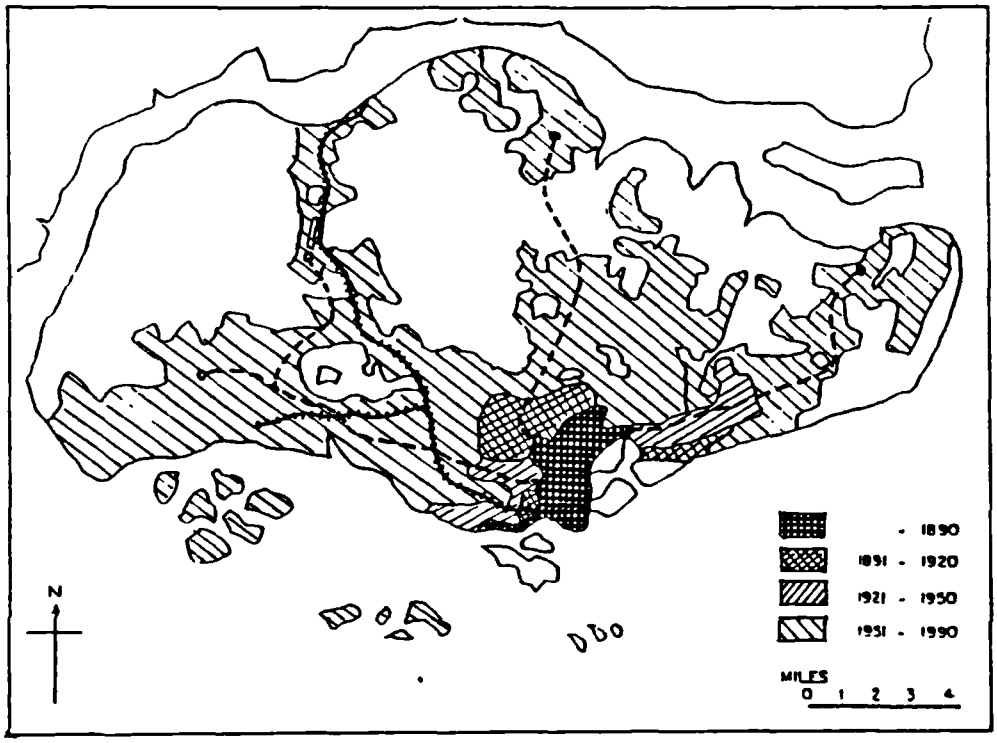
Source: Real Estate Statistics Quarterly, 1989-1995, URA, Singapore

came about almost solely as a result of public sector activities. Table 4.4.4 shows that between 1979 and 1989, office space generated by the public sector in the Central Area and Orchard Road slipped by 18 per cent, yet the proportion for the Rest of Island almost doubled. At the end of the 1980s, 70 per cent of public-led office development was outside the Central Area and Orchard Road. The share of the Central Area in office space generated by the private sector dropped slightly from 74 per cent in 1979 to 70 per cent in 1984, but increased to 74 per cent in 1989. The corresponding share for the Rest of Island increased from 9.1 per cent to 15.2 per cent before dropping slightly to 13.5 per cent. This tendency changed between 1989 and 1995 when the share of the Central Area in total office space generated by the private sector dropped by 23 per cent and that for the Rest of Island increased 26.7 per cent. However, about 50 per cent of private-led office development was still taking place in the Central Area. This suggests that central locations were basically favoured by private office developers.

The decentralisation of office development began in the early 1980s, led by the public sector. There were a number of factors contributing to the shift of emphasis in office development. First, government agencies and statutory boards started to develop offices both for their own use and as investment projects. Several suburban centres such as Jurong, Bukit, Merak, Alexandra Road and Thomson, became their favourable sites of office development. For instance, the HDB's office developments at Jalan Bukit Merah and Pasir Panjang Road created 135,000 sq.m. office space. About 57,000 sq.m. of the



Map 4.4.1. The Mass Rapid Transit System, Singapore



Map 4.4.2. The Growth Pattern of the City, Singapore

generated office space was used to shift administration from the headquarters of the Ministry of National Development to the above areas. This was the earliest experiment of office decentralisation by the public sector (Straits Times, 13, Jul., 1980).

Second, the relocation of residential population from the central city to the periphery through housing development, created a new demand for offices. Hence, the HDB decided to provide 60 sq.m. office space for every 450 dwelling units in the new towns. Most of these office developments took place in the town centres (Wong and Yeh, 1985, p.103). Third, the construction of the Mass Rapid Transit System since 1983 also increased the potential for office development in the vicinity of the MRT stations (Map 4.4.1~2). Several office buildings, such as Treasury Building, URA Building, Malayan Credit Building and MAS building, were developed by the public sector in areas within walking distance of the MRT stations. Many sites close to the stations were reserved by the URA for sale. These reserved parcels were to be sold to the private sector for massive projects comprising commercial and office development, yet the private sector was encouraged to develop offices up-market and precluded from moderate states ones.

As previously argued, office space built by the public sector in the Central Area was mostly affected by the over-supply situation in the mid-1980s. According to a proposal announced by the URA, which declared that the public sector would take the lead in office development outside the Central Area, it seemed likely that office decentralisation would be reinforced from that time onwards. Thus those firms which could not afford high rents or did not consider a central location to be necessary for their operations would move to the alternative sites outside. However, with regard to the continuing demand for offices in central location, in particular from firms in the banking, financial and advanced-service sectors, the URA embarked on a long-term development of Marina South into an extension of the current Central Area (Map 4.3.3). Land would be offered to the private sector for office and commercial development through the land sale scheme. This area was expected to make available sites with enormous potential to satisfy the demand (URA, Annual Report, 1984/85, pp. 8-9).

4.4.3 Economic Recession and Policy Adjustment

Singapore's industrial bottleneck emerged as early as in the late 1970s, yet the problems were masked by exceptionally strong growth in construction investment, as a result of

the accelerated public housing construction and private property development. The property boom in the early 1980s sustained gross domestic capital formation, but the remarkable downturn of the property market in the mid-1980s also contributed to the cataclysmic economic crash in 1985 and furthermore, to the long-term damage to the base of the economy. It shows the limit of using building investment as a counter cyclical device to balance the economy.

The over-emphasis on building investment caused the capital to flow into property development, thereby obstructing capital investment in productive sectors. It is estimated that more than 60 per cent of domestic fixed capital formation in the mid-1980s took place in construction, This means that only 40 per cent of fixed capital investment flowed into non-construction sectors, such as plant, equipment and machinery. Comparing the percentage shares with those in the precedent period, it became clear that more than 20 per cent of capital investment had shifted from productive sectors into construction (Appendix 1.7). The construction boom in the mid-1980s, was unsustainable because the excess supply of properties would take time to be absorbed by the market. Since construction investment played a large part in transforming national savings into capital investment, the fall in construction investment caused an imbalance between a high national savings rate and a lower domestic investment rate, with multiplier effects on GDP growth.

Many development plans were slowed down or shelved, the further expansion of the construction industry came to a halt. Construction companies and local contractors, who tended to dominate the lower cost, public sector construction market, were most affected by this slowdown. Many trimmed their operations and cut costs. Accordingly, the job market created by the construction boom was at a stake. Following the contraction of the construction industry, employment in this sector began to experience a net reduction and many local workers laid off. The total reduction of employment from the construction sector accounted for 51 per cent of the total job loss in 1985, during which the unemployment rate rose to 5 per cent, the highest level for fifteen years (Economic Committee, 1986, p.199). Moreover, when property prices hit the bottom, property loans by banks and loans secured by using property as collateral were also at stake. The collapse of prices seriously affected those banks with a large property exposure, thereby threatening the integrity of the entire financial system.

For the government, the rationalisation of land supply and land use was among the most critical issues in the late 1980s. The supply of floor space would be regulated by changes in the planning legislation and the planning process. The reform of the planning machinery was perhaps the most significant event affecting future land use and property development. The URA merged with the Planning Department and the Research and Statistics Units under the Ministry of National Development so planning and development now came under one single authority and the relationship between economic development and urban planning could be closely monitored. Several policy adjustments were introduced to achieve a better management of land and resource.

The government tackled the over-supply situation in the current property market. The construction of public housing was slowed down after 1985. Many development plans were postponed, and land parcels already acquired by the housing authority were shifted to other uses. The land sale scheme was completely suspended by the URA. This step aimed to limit the land offered to the private sector, so that the pace of private development could be effectively controlled. The URA also avoided letting out its vacant properties at rock bottom prices, which would have aggravated the situation in the property market. The URA decided to transform Marina South - a newly reclaimed land of 243 hectares adjacent to the Telok Ayer Basin - into a major public recreational area instead of the original plan for immediate development of office space (URA, Annual Report, 1988/89). Accordingly, the number of the HDB flats built every year declined from 50,348 units in 1985 to 11,979 units in 1989 (Appendix 1.11). During the same period, the total value of construction investment decreased from S$ 11,780 million to S$ 6,447 million and the floor area built each year fell from 11,329,000 sq. m. to 4,039,000 sq.m. (Appendix 1.10).

The government was also pushed to find a growth niche for the construction industry. For the Construction Industry Development Board (CIDB) - a new authority formed under the Ministry of National Development - the large number of buildings and infrastructure facilities completed in the previous two decades constitute a potential market for building maintenance and renovation, since more ageing buildings needed upgrading to meet the changing demand. To encourage the development of the maintenance and retrofitting sector, the CIBD announced a long-tern programme in 1989 to upgrade the existing public estates, particularly the HDB flats built in the early years

(Singapore Annual Report, 1991) The total investment on maintenance and renovation increased from S$ 484 million in 1984 to S$ 800 million in 1990 (Construction Industry Development Board, 1990).

However, it seems that in the mid-1980s, the 'growth-through-investment' strategy was unable to cope with a problem - an increasing pressure to absorb the excessive supply of floor space, very little or no demand for further property development. The daunting task for the planning authority by then was to monitor closely the supply, demand and occupancy rate of floor space and try to maintain a balanced market by ensuring that the supply of floor space adequately reflected the demand. The supply of land through planning would be asserted with greater efficiency in terms of information and administration, and would be more quality-conscious.

Taipei
4.5 The Role of Urban Policy in National Development

Capital investment in Taiwan did not assumed as much importance as in Singapore. The share of gross domestic capital formation in GDP was 23.0 per cent in the 1960s, 29.6 per cent in the 1970s and 23.8 per cent in the 1980s. Domestic fixed capital formation was the major impetus of capital investment, since more than 90 per cent of capital investment went into in fixed assets. However, because the share of gross domestic capital investment in GDP was relatively small, domestic fixed capital formation only represented 16.8 per cent of GDP in the 1960s, 26.1 per cent in the 1970s and 22.7 per cent in the 1980s (Appendix 1.2). The influence of domestic fixed capital formation on economic growth seems to have been less significant than that in Singapore.

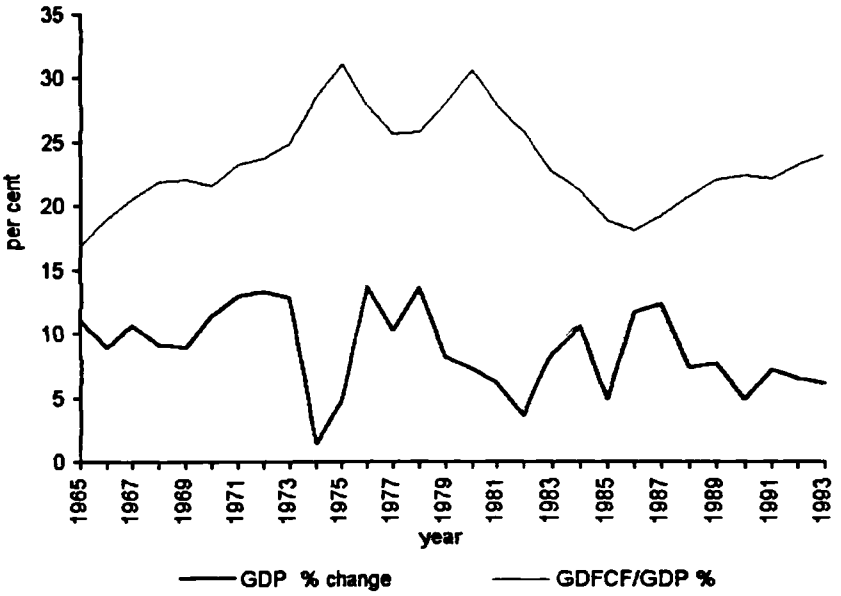
Figure 4.5.1 illustrates the movement of GDP growth and domestic fixed capital formation in relation to GDP over three decades. Interestingly, as in Singapore, domestic fixed formation and GDP growth moved reversely to each other. The economy took off during 1971-73 when the growth of GDP was about 13 per cent. GDP growth sharply dropped to 1.4 per cent in 1974, returning to 13 per cent in 1976-1978. The economic slowed down in 1979-1983, during which GDP growth swung in a range between 6-8 per cent and even dropped to 3.6 per cent in 1982. The period 1983-87 witnessed a strong recovery, GDP growth returning to above 10 per cent. Another downturn of the economy came during the period 1988-93. The trend of domestic fixed capital formation

exhibited an opposite movement to GDP growth; it continuously increased in the late 1960s and remained stable during the period 1971-73. It rose in 1974-75, slightly slowed down for a brief period in 1976-79 and returned to the high rates in 1980-82. A serious downturn came after 1983, lasting until 1989, when the percentage slightly rose again.

Construction investment accounted for one-third of domestic fixed capital formation. The percentage was 28.7 per cent in average in the 1960s, 30 per cent in the 1970s and 32.6 per cent in the 1980s. The value added by the construction industry was only 3.4 per cent of GDP in the 1960s, rising to 5.0 per cent in the 1970s but declined to 4.7 per cent in the 1980s. In comparison with Singapore, where construction investment represented one-half of domestic fixed capital formation and the value added by the construction industry constituted 7-8 per cent of GDP, construction investment in Taiwan was less influential in leading the dynamics of capital formation and assumed a smaller importance in the national economy.

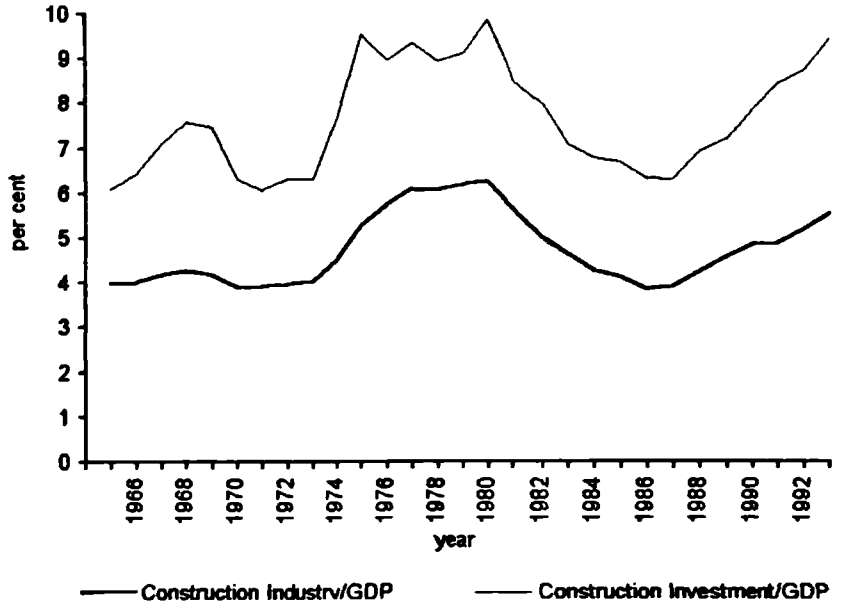
Nevertheless, construction investment developed in a similar trend with the movement of gross domestic fixed capital formation. There were three boom periods: in the late 1960s, between the mid-1970s and the early 1980s, and in the early 1990s. Figure 4.5.2 suggests that the first construction boom started in 1967 and ended in 1969. The value added by the construction industry represented 4.3 per cent of GDP in 1968 while the total value of construction investment increased to NT$ 14,683 million, equivalent to 7.5 per cent of GDP. The floor area built each year rose to 5,724,000 sq.m. More than one-third of construction investment went to residential housing (Appendix 1.8, 1.16, 1.17). Another major construction boom began in 1974 and ended in 1982. The peak point was first in 1975, when the value added by the construction industry increased to 5.7 per cent of GDP and the total value of construction investment jumped to NT$ 56,158 million, about 9.0 per cent of GDP. The floor area built each year also increased to 13,388,000 sq. m. The growth remained consistent for the next five years and reached to another peak in 1981, when the floor area built every year grew to 39,758,000 sq.m. and the total investment value to NT$ 150,879 million. Both were almost three times higher than those in 1975. The third construction boom started after 1990. The value added by the construction industry returned to 5-6 per cent of GDP in 1993 and the total value of construction investment increased to NT$ 1,370,771 million, or 9.4 per cent of GDP. The floor area built every year was estimated at 47,798,000 sq.m.

Figure 4.5.1 Percentage Change of GDP and Gross Fixed Capital Formation in Relation to GDP, Taiwan



Source: Appendix 1.2, 1.8

Figure 4.5.2 Construction Industry and Construction Investment in Relation to GDP, Taiwan



Source : Appendix 1.8

The change in building investment was in line with the general trend of construction investment. The trends in total floor area built every year in Taiwan in general and Taipei in particular, exhibited large increases in construction booms (Figure 4.5.3, 4.5.4). On a closer inspection, building investment in Taiwan after the 1960s was mainly initiated by the private sector (Figure, 4.5.3). The share of the private sector in the total floor area built every year grew to 69 per cent in 1967 and rampaged to 98.3 per cent in 1969. From that time onwards, the private sector constructed more than 90 per cent of the total floor area (Appendix 1.17). The change in floor area built every year can be ascribed to the change in the annual supply of residential housing. As can be seen in Figure 4.5.4, in Taipei, residential floor space represented 70 per cent of the total floor area in 1970s and 60 per cent in the 1980s (also see Appendix 1.18, 1.20). The reasons why private housing investment should develop in this particular way need careful examination.

Unlike Singapore, public housing development in Taiwan was a secondary issue for the government.[24] The government tended to reduce public spending on housing construction to a minimum level. This limited amount of housing funds would usually be cut off while the government channelled funds into productive sectors and education (Chang, L., 1986; Ju, P., 1976).[25] At the earlier stage of national development, the government practically allowed squatting on public land to solve the serious housing shortage in the urban areas.[26] A limited number of public housing units were built but, were mainly allocated to the state elite or to those who were victims of disasters. This policy was later modified to produce a state-subsidised mortgage program for self-build housing projects required by individual or social groups (such as farmers' or workers' associations) in the late 1950s. For the purpose of slum clearance and squatter control, the government started to engage in the construction of resettlement housing after the early 1960s. A total number of 59,751 residential units were constructed by this housing

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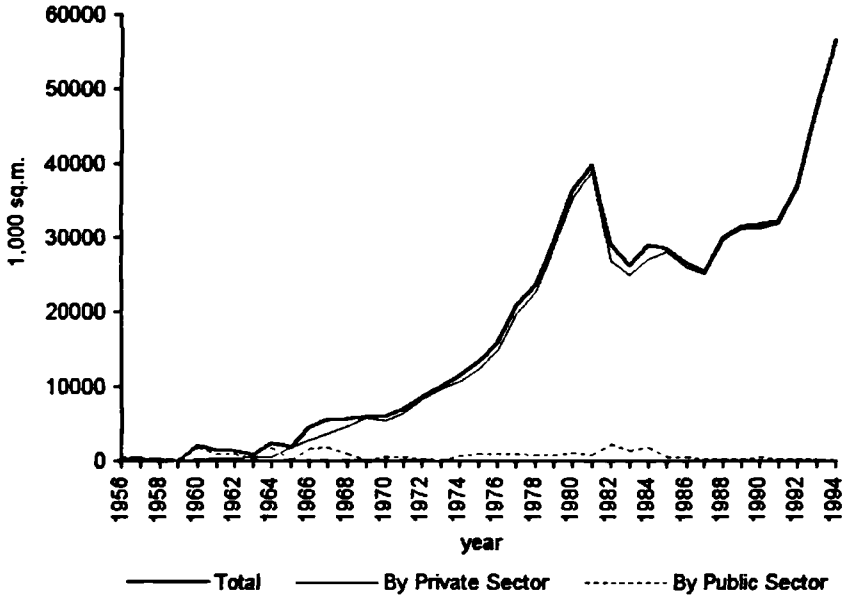
[24] For a detailed discussion see Chin, P., 1988; Mi, F., 1988; Tsai, H., 1979; Tzen, S., 1993.

[25] The mortgage programme was funded by US loans and by a portion of land capital gain tax revenue. The resource itself was not stable. The fund also would be reduced when higher priority projects emerged on the agenda, such as it had been halved for the new compulsory education programme in 1967 (Chin, P., 1988).

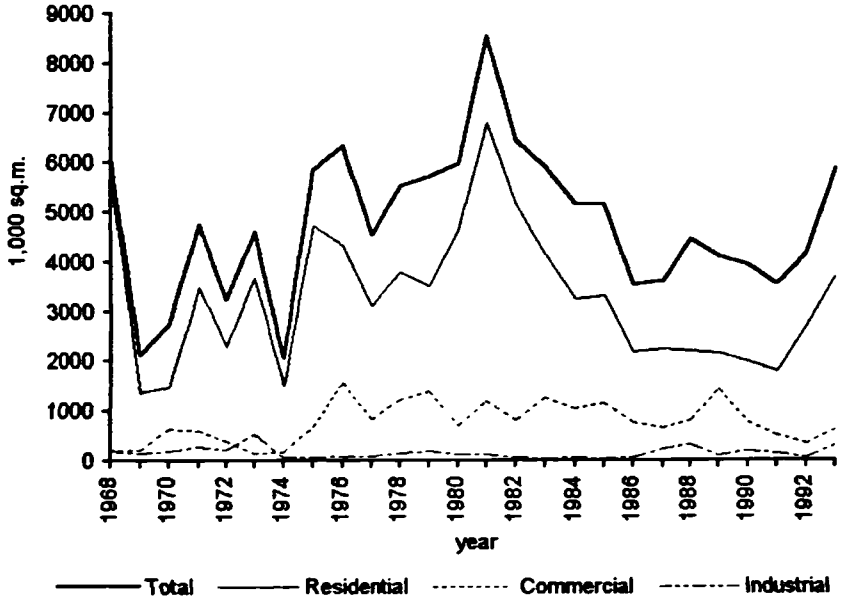
[26] Approximately 79 per cent of squatters lived in the five largest cities in Taiwan. and 44 per cent of them lived in Taipei. About 71.3 per cent of squatter houses in Taipei were built on public land. These squatter houses mainly accommodated refugees from the mainland and immigrant from the rural areas (Council for International Economic Co-operation and Development, 1970).

Figure 4.5.3 Floor Area Built Every Year by Sectors, Taiwan



Source: Appendix 1.17

Figure 4.5.4 Floor Area Built Every Year by Uses, Taipei



Source: Appendix 1.20

programme, including 18,531 units in 1960, 13,736 units in 1964, 14,865 units in 1966 and 12,614 units in 1967. The displaced squatters, low-income people and victims of disasters were resettled in the public estates. The government also launched its six-year public housing programme in 1975, under it, a total number of 53,146 residential units were released to the moderate-income population during the period 1976-81. Another four-year public housing programme was implemented following the announcement of the Twelve Major Projects in 1981, by which 18,672 units and 13,606 units were built in 1982 and 1984 respectively (Appendix 1.19). However, for a country with a population of 20 million, the number of public housing provided was very small and could not meet the massive demand stemming from the shortage of housing. Under these circumstances, the government encouraged the private sector to construct affordable housing for the market and assisted private development through slum clearance and mortgage supply.[27] This paved the way for developing a private-sector dominated mass housing market after the late 1960s (Mi, F., 1988; Tsai, H., 1979).

Many small- and medium-sized property development companies, which originated from local construction companies or artisan-contractors, started to produce small-scale housing projects in partnership with individual landlords. Some enterprise groups, who grew up in the import-substitution industrialisation in the 1960s, also began to take part in large-scale housing production. Many of them even gradually changed their organisation for property development. From this time onwards, the private sector provided more than 90 per cent of the housing stock, producing a large quantity of affordable housing which helped to solve the housing shortage and to lower household expenditure on housing (Mi, F., 1988).

The remarkable growth of the national economy in the 1970s resulted in large amount of abundant capital accumulated in the form of savings. Most of the national savings were generated by the private sector. The share of the private sector in national saving was about 65 per cent on average in the 1960s and the 1970s, and increased to 68 per cent in the 1980s (Appendix 1.6). Large amounts of abundant capital were in line with inflation. During the high inflation period, higher-income groups and large enterprises were particularly in favour of housing investment, thereby stimulating the

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[27] The term of mortgage was extended from ten to fifteen years and the amount was increased from 50 per cent to 80 per cent of building cost. See Lin, Y., 1982 .

demand.[28] Property prices were forced up. In Taipei, the first price escalation occurred in 1975, when the price of a newly built flat grew from 20,900 per pin (3.3 sq.m.) in 1973 to 33,600 per pin in 1975, an increase of almost 61 per cent. As a response to the oil price increase and the high inflation rate in the second half of 1979, housing prices took off again. The increase in housing price was more substantial than that in the mid-1970s: from NT$ 39,300 per pin in 1978 to NT$ 90,000 per pin in 1980, more than 125 per cent (Appendix 1.22). Price increases encouraged property developers to built more units for sale for a short-term profit, and in turn stimulated the speculate demand.

As mentioned previously, many labour-intensive industries suffered increasing pressure of competition after the late 1970s. The textile and clothing industries particularly, were faced with substantial decline in profit rates (Appendix 1.25). Owing to the speculative demand in the property market, a high profit return from property investment was almost guaranteed. Producers thus found property development an alternative form of high profit, and preferred to invest in property development instead of manufacturing production. This tendency seems to have become more significant in the late 1980s. The share of land and building in the total fixed capital of the private sector increased from 12.2 per cent in 1980 to 18 per cent in 1989. The share of machinery and equipment, in contrast, fell from 20.8 per cent to 15 per cent (Appendix 1.24). Housing prices were forced up again in the late 1980s. The price of a newly built flat in Taipei grew to 117,600 per pin (3.3 sq.m.) in 1987 and 357,500 per pin in 1989, an increase of almost 200 per cent. gain. The increase in housing prices was much more substantial than any in the previous period.

The market-led urban development did not produce satisfactory results; thus some degree of state intervention became necessary, both for political and economic reasons. Property investment could widen income distribution among social groups by extra profits (Kuo, L., 1991, pp. 107-4). Owing to its experience of the corruption disaster in China, the KMT regime was aware of the political consequence of social inequality. The official ideology - Three Principles of People's Livelihood - strongly advocated state

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[28] About 50-60 per cent of home-buyers in Taipei actually bought residential properties for investment rather than for residence. See Chin, P., 1988, p.42.

planning for economic development and wealth distribution. The relative income equality was always in the centre of KMT political propaganda. This ideology forced the state to take actions against developers' interests. Also, from the official point of view, the continuous outflow of capital from the productive sectors into property development would also lead to a stagnation in the productive sectors, thereby damaging the foundation of the economy. The high inflation rate always fed the speculative demand of the property market and vice-versa. Hence, considering long-run economic development priority, the state would repress property speculation to certain extent. Property price became a major target when the state wanted to decrease the inflation rate and attain financial stability (Deng, T., 1991; Kuo, L., 1991; Tanzer, 1981a).

Two key mechanisms were used by the state to correct instances of market failure. One was through the state-monopolised financial system; the other was through planning control of housing development. Both tackled the supply side of the property market. The state took action during 1973-76 while the inflation rate and housing price both rose owing to the oil crises and the diplomatic setbacks. The government announced two price stabilisation measures concerning property development. It aborted permissions for the construction of any building above four stories and placed limits on developers' access to bank credits. Housing prices and the inflation rate returned to the moderate Level (Chin, P., 1988, p.39). As a response to the oil price increase, the inflation rate and housing prices took off again in the second half of 1979. The government this time responded by raising the empty-lot tax rate and enforcing construction on vacant sites.[29] These measures aimed at releasing land from private holders, increasing the supply of floor space, and then playing down property prices. The government also tackled the speculative demand through investigating the source of funds of high-price and excess property buyers. As a result, housing prices were suppressed by the decreasing demand and the over-supply of floor space. The inflation rate dropped from 19 per cent in 1980 to only 3 per cent in 1982 (Appendix 1.2).

The state intervention in property development, however, was not consistent. In most of the occasions, it merely responded to the undesirable aspects of the free market.

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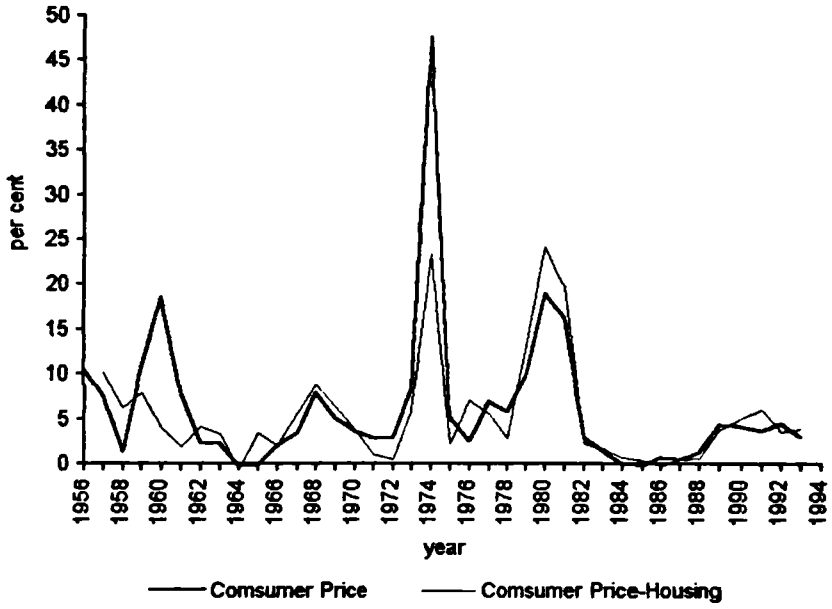
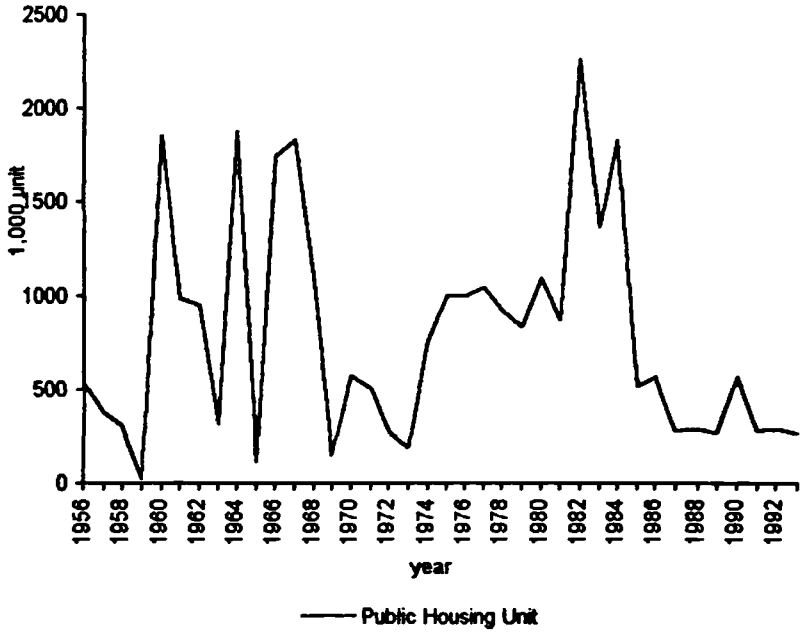
[29] On the basis of the Land Right Equalization Act, the government decided to buy up vacant lots at the low official-assessed prices if they were not built by the holders before July, 1981.

Figure 4.5.5 Inflation Rate and Housing Price, Taiwan



Source: Appendix 1.2

Figure 4.5.6 Public Housing Development in Taiwan



Source: Appendix 1.19

The remarkable fluctuation of public housing construction, as can be seen in Figure 4.5.5~6, offered the best illustration of the fact that the state involvement was a reaction to the pressure to control the inflation rate and housing prices. The floor area built every year by the public sector sharply increased when housing prices soared in line with the increase in the inflation rate. Once the pressure of inflation was removed, the government shifted financial resource from construction to other sectors, so that the floor area built every year by the public sector drastically declined. The percentage share of the public sector in the total floor space generated was also very small. Hence, the impact of public housing construction was very limited.

From the early days of its foundation, the state decided to concentrate its resources on infrastructure developments which were directly associated with national defence and the industrialisation process.[30] The provision of housing and public services were not given much importance. This state intervention was basically motivated by the demand for internal cohesion and fiscal stability. However, the political and ideological aspects of urban policy seem to have been revealing. Housing construction led by the public sector was a showcase of the welfare policy and a political project to assist social control. This could be well illustrated by the distribution of public housing among the populace.

After the KMT takeover, one of the major concerns of the government was how to settle mainlander refugees. Due to the lack of resources and social contact, apparently 66.8 per cent of immigrant mainlanders flocked to a few large cities and squatted on public land. These mainlanders constituted 49.7 per cent of all squatting households in the urban areas in 1950 (Council for International Economic Co-operation and Development, 1970). The government thus decided to build large public estates, generally known as the 'military dependent villages', on public land for mainlanders who were still in the military service. These projects were regularly financed by the government's national defence expenditure, providing a total number of 133,110 rental housing during 1956-93. If these were added to the stock of general public housing, one can see that approximately 31.5 per cent of total public-built housing units were provided to mainlanders over the years (Appendix 1.19).

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[30] The well-known 'Ten National Development Projects' started in the early 1970s, providing most important infrastructure such as airport, highway, port, processing zone, etc.

Moreover, in the urban areas, these public estates were built on certain locations separated from the Taiwanese communities. Thus they contributed to the distribution of the mainlander population in the city. In Taipei, one hundred and seventy-eight military dependent villages had been built on a land area totalling 187.1 hectares by the end of the 1980s. These estates consisted of 22,535 units of rental housing - about 48 per cent of the total public housing stock in Taipei. Mainlanders were concentrated in six districts in Taipei and constituted more than 80 per cent of the total population in three particular districts - Chengchung, Kuting and Taan.[31] The pattern of segregation was reinforced when many Taiwanese moved to the suburbs following the expansion of the private housing market (Gates, 1981).

The spatial separation between mainlanders and Taiwanese reduced the chances of contact and communication and thus enhanced existing cultural and ideological barriers between the two groups. For mainlanders, the less contact they had with local society, the fewer resources they could obtain. Accordingly, mainlanders who lived in these public estates became highly dependent on the KMT, both materially and psychologically. This enabled political control over them to be easily achieved. For instance, social and political activities in these estates were organised by their resident committees. These committees, with their permanent members appointed by the military branch of the KMT, were under the central control of the party. They were highly organised and effective, especially in mobilising residents during the elections. Mainlanders living in these military dependent villages were faithful supporters of the KMT. Their loyalty towards the political regime even gained for themselves the collective name - the voting troops.

Nevertheless, owing to the demand for national consolidation, the state began to make efforts to encourage social integration between mainlanders and Taiwanese after the late 1980s. More than one-third of the military dependent villages were rebuilt into high-rise public housing estates, through redevelopment. All rental stock was transferred into home ownership. One-half of the new flats were sold to the public as ordinary public housing with another half distributed back to the original residents for minimal payments.

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[31] Mainlanders were mainly concentrated in Chengchung, Kuting, Mucha, Chungshan, Sungshan and Taan Districts. They made up 81.61 per cent of the population in Chengchung, 80 per cent in Kuting and Taan, 60.13 per cent in Chungshen and 29.43 per cent in Chienchung (Gates, 1981; Selya, 1995).

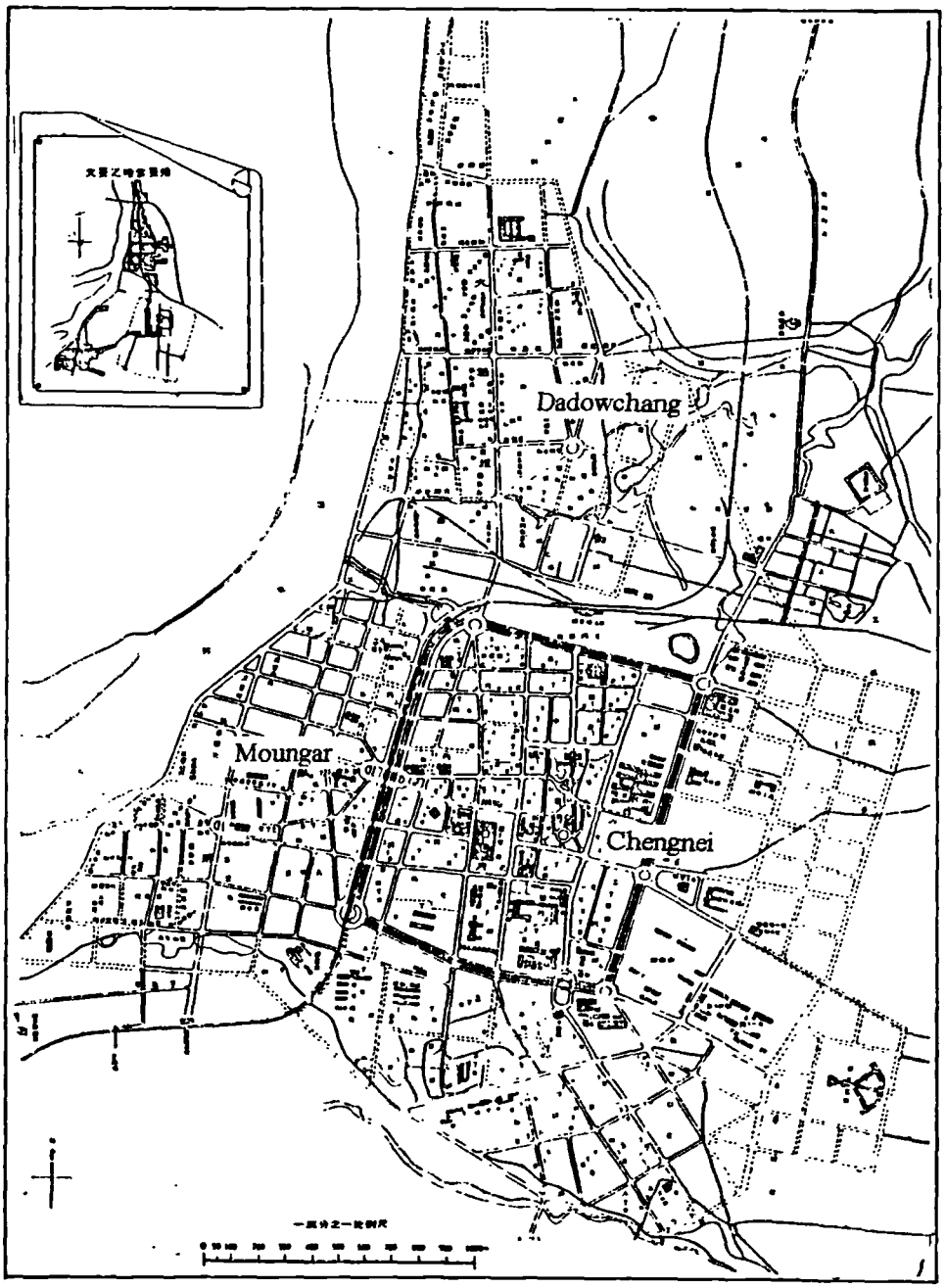
On the surface, spatial segregation between mainlanders and Taiwanese seems to have fast disappeared, for the reason that more Taiwanese moved into public housing built on these village areas (Hsu and Pannell, 1982). Social integration between the two groups, however, still remains to be seen (Luo, Y., 1992).

The provision of low-income housing is one part of the state's welfare policy. The first project began in the mid-1960s and was conducted directly from the top leadership of the KMT, who wanted to demonstrate the party's determination to offer an alternative welfare nation to Communist China. Because of the lack of constant financial support, this project was short-lived and only managed to complete 27 per cent of its target. The second project started in the early 1970s, when the state began to face major diplomatic crises and when the power transition took place in the ruling party. This project stopped in the late 1970s when the political pressure was removed, with only 24 per cent of its target completed. By the end of the 1980s, low-income housing represented about 2.7 per cent of the total public-build housing stock and accommodated less than 15 per cent of the population living on the welfare (Taipei Municipal Government, 1991, p.12). This policy turned out to be a party propaganda, offering little assistance to the low-income households.

4.6 The Evolution of Urban Planning and Urban Renewal

4.6.1 The Origin of Modern Planning in Taiwan (1905-1946)

The earliest city plan in Taiwan, known as the City Area Modification Plan (CAMP), was basically a product of the Japanese planning system in the early twentieth century. The CAMP was implemented firstly in Taipei in 1905, and then in other major cities such as Tainan, Taichung and Keelung. The CAMP for Taipei, which proposed to accommodate a population of 150,000 on a land area totalling 1,000 hectares, covered three original settlements, Moungar, Dadowchang and Chengnei, and their surrounding areas (Map 4.6.1). Because the colonial regime did not want to give local government sufficient power to control urban development, the CAMP was a merely physical plan for the improvement of the built environment. The main objectives were to improve railways and road systems, to solve the sanitary problem, to distinguish the function of different areas, and to develop separate residential areas for the Japanese population in the city.



Map 4.6.1 The City Modification Plan (1920), Taipei

As a result of the modernisation of the urban planning system in Japan,[32] the CAMP for Taipei was abolished in 1932 and replaced by a Master Plan - the Great Taipei City Plan (GTCP). This Master Plan laid down several principles for the physical development of the city. For instance, Taipei was designed as a circular city with a radius about 6 km from the centre of Chungnei. The planning area was bounded by the Tamsui River in the West, the Hsitein Stream in the South, and the Shung Hill in the North. It covered a land area totalling 6,667 hectares and planned for a population of 0.6 million up to 1955. A transport network consisting of fifty-seven arterial roads was also to be developed. Main traffic roads radiating from Chungnei to the outskirts would be built and would function as throughroutes connecting the city and the countryside. These roads would be linked by several circular roads with radius at different distances from the centre. Furthermore, lower-level vehicle streets were designed hierarchically and routed in a strict grid-pattern. Seventeen large parks and many green spaces would be located in different areas of the city. A 70m-wide parkway running from the North to the South would link these large parks and constitute a network of green space. Three 'land re-plotting areas' covering a land area of 294.22 hectares were designated to combine small-sized and irregular lots and to generate a proper area for property development. Land-use zoning would also be applied after the release of a detailed land-use plan in 1937.[33]

For the implementation of the Master Plan, new planning legislation, including the Urban Planning Act (UPA), the Ordinance for the Implementation of the UPA, the Urban Planning Committee Ordinance and the Ordinance for Land-Use Registration, were formulated by the colonial government in 1936. These legislation, together with

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[32] Owing to the industrialisation process, rapid urbanisation had occurred in major cities of Japan since the First World War. This development was not effectively controlled by the existing planning system and aroused a great anxiety among the ruling elite of Japan (Detailed discussion see Japanese Architecture Association, 1982, p.989.). In the late 1920s, the Japanese government decided to reform its urban planning system. It established planning bureaucracy, revised planning legislation and adopted several devices which were used in the Western countries, such as plot ratio, zoning control and land re-plotting etc. This planning system was not only used in Japan but also its colonies, thereby becoming the origin of modern planning in these countries. Detailed discussion on Taiwan's planning regime under the Japanese colonisation see Huan, J,. 1960; Huan, S,. 1992

[33] It defined the core areas - Dadowchang, Moungar and Chungnei as major commercial zones of the city. Industrial zones were allocated alongside the main railway. All street blocks fronting the main traffic roads were classified as linear commercial zones; and the blocks sitting behind were major residential zones. Different zones were given different level of plot ratio, population density and building height (Huan, S., 1992, p.155).

the earlier Land Requirement Ordinance (1901) and the Guidelines for Residential Housing (1901), formed a basic framework for a modern planning system to develop in Taiwan. Two separate planning authorities, the urban planning authority and the urban planning committee were established under the central government. The former was responsible for land survey and plan formulation; the latter was in charge of assessment, review and consultation. The urban planning committee was in position to monitor and supervise the planning activities undertaken by the planning authority. The local planning authority was responsible for acquiring or re-plotting land for planning purposes. It also controlled land use, plot ratio and building type through zoning and construction guidelines laid down by the city plans. However, the central government played a determinant role in the policy decision-making process. Local government, by contrast, only paid attention to the implementation of plans.

The GTCP had far-reaching influence on the physical development of Taipei. First, the development of the city was limited on the west side by the Tamsui River. Since the river gradually lost its transport function, its role was reduced to a geographical boundary separating the city and the county. Second, Chungnei continued to be the major and the only centre for commercial and administrative activities to take place. Third, the GTCP allocated most of the land re-plotting areas, traffic roads, open spaces, and public facilities in the eastern part of the city, even though there was still sufficient land in the northern and the southern areas. The development of the city was thus directed from the centre towards the eastern area and an imbalance in physical structure began to take shape. Also, the physical environment was the main subject matter of urban planning. Non-physical factors such as social or cultural issues were considered to be irrelevant.

4.6.2 Urban Land Reform and the Development of Infrastructure for Defence and Evacuation (1947-1963)

The planning bureaucracy and legislative framework established during the Japanese colonisation continued to function up to 1949.[34] During the 1950s, Taiwan was under the shadow of military attacks because both governments in China and Taiwan were actively

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[34] Since Taiwan was re-united with China after the second World War, most of the Japanese legacy was destroyed, apart from the planning system. It was because in comparison with urban planning in other Chinese cities, this system was considered to be technologically advanced and worth preserving for practical purposes. See Tsen, S., 1994, p.46-7.

involved in military actions against each other. To secure the civilians from the frequent air-force attacks, constructing defensive infrastructure in high-density areas for protection and evacuation was the top priority for the KMT. Urban development was thus subject to the need for national defence. The Ministry of National Defence urged regulating urban development and constructing infrastructure for defence and evacuation in major cities. The Urban Construction Guideline for Defence (UCGD) was released in 1954 and was quickly transferred into a formal legislation - the Building Control Procedure for Defence and Evacuation (BCPDE) in the next year. The BCPDE suppressed the existing planning regulations and enabled the government to start the construction of roads and bridges in major cities in Taiwan (Annual Report of Taipei Municipal Government, 1956, p.68).

As mentioned before, the critical issue facing the government was that a total of 9 million refugees had fled from China to Taiwan in a short period prior to 1949. The sudden increase in population and serious housing shortage forced the government to allow immigrants to squat on open spaces, riversides or streets (Lee, D., 1969, p.7). These squatter settlements presented the major problem for evacuation. The government thus released another new legislation - the Procedure for Illegal Building Management (PIBM) - in 1956, containing several detailed principles for squatter clearance. According to this legislation, the government had to build on-site resettlement housing for refugees before demolishing their squatter houses.[35] In doing so, the Public Housing Construction Committee was established under the provincial government and the Public Housing Construction Mortgage Act was in force in the next year. Most of these housing programmes landed in the vicinity of the targeted slums. To accelerate squatter clearance, a high-level authority, headed by the commander of the Taiwan Garrison and the commissioner of the provincial government, was established in 1962. This authority was given power to use police or military forces to evict residents in squatter houses.

Urban development in Taipei at this stage was also subject to these regulations. After Japan's surrender, the local government of Taipei had proceeded with the old planning system and set up an Urban Construction Committee to draft a new Master Plan for the

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[35] Squatters were granted the choice between monetary compensation or government resettlement, and were given high priority when they applied for resettlement housing.

city.[36] Their efforts failed because of the sudden change in political context. Owing to the influx of refugees, the population of Taipei had already reached 0.7 million in 1955 - 0.2 million more than the target population defined by the earlier Master Plan (Map 4.6.2). The developed area, which constituted only 26 per cent of the total land area of the city, accommodated 80 per cent of the population. Taipei was the focus of national defence throughout the 1950s because most of the government offices and military establishment were located here. The physical development was completely governed by the BCPDE and the PIBM, rather than the existing planning regulations. The government spent one part of US aid on infrastructure construction, by which large shelters were built under the surface, four bridges crossing the Tamshui River and eight through routes linking the city and the county were all widened. For a short period in 1958, the local government was even decreed to stop granting permissions for the construction of new buildings (Annual Report of Taipei Municipal Government, 1951, pp. 219-20).

The physical development of the city was decided by central government bodies; and the role of the local planning authority at this stage was no more than a public administration. The local government drafted a new Master Plan in 1957. This plan, generally known as the Taipei City Plan (TCP), was simply a reproduction of the early GTCP and did not provide any new aspects. Twenty-one detailed plans were formulated between 1959 and 1966; but they were simply the revision of old maps showing the new development (Lee, H., 1959, p.9). The main task of the local government was to carry out squatter clearance for infrastructure construction. Since confrontations frequently occurred between the residents and the local planning authority, the intervention of police or military forces was not exceptional (Taipei Archives Committee, 1985, p.138; Wu, F., 1991, p.149). The tension gradually decreased only after the central government began to implement resettlement housing programmes. The local government thus was able to indulge in the earliest urban renewal in Chunhua Road - the core of the Chunchung District (Chungnei) in 1959.[37]

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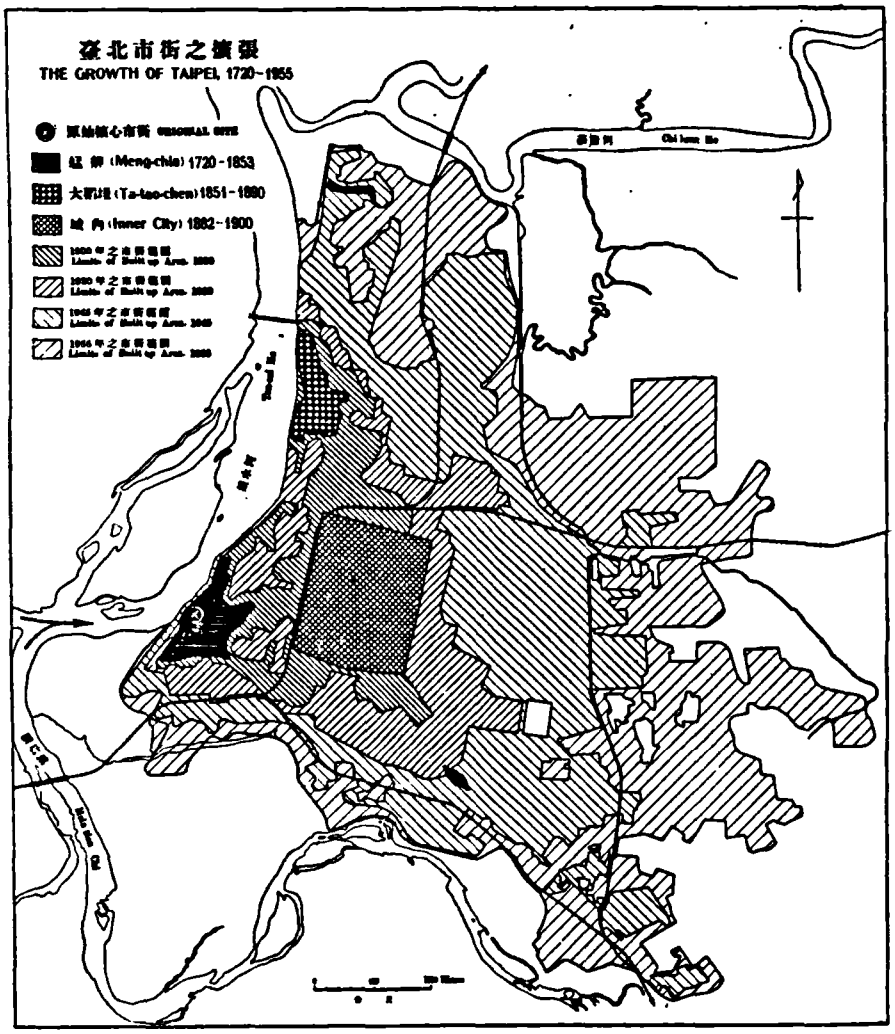
[36] This master plan prepared to accommodate 0.5 million population in 1955. The periphery of the city was designated as agricultural zone and conservation zone to limit urban expansion. Infrastructure construction and land re-plotting were also initiated by the planning authorities (Annual Report of Taipei Municipal Government, 1949, p.176).

[37] Chunhua Shopping Complex was built on public land to replace 2,000 squatter houses. The original residents (mainly political immigrants from mainland China) were resettled in 1,600 shophouse units (including both living and working places) in the complex (Annual Report of Taipei Municipal Government, 1961, p.6)



Map 4.6.2. The Growth Pattern of the City, Taipei

Another important policy in effect at this stage was land reform. As mentioned in the previous chapter, the land reform programme in the rural areas started after 1949 and turned out to be remarkably successful. The government thus became more confident about its effort to extend this reform to the urban areas. The Land Act was revised in 1954 and a special statute - the Status for Equalisation of Urban Land Ownership (SEULO) - was added as a by-law. The SEULO dealt with land acquisition, land re-plotting, and taxation. This land policy was derived from 'Three Principles of People's Livelihood' developed and advocated by Sun Yat-Sen, aiming to eliminate social inequalities based on unequal land ownership. The urban land reform programme constituted of four measures. The first one was to determine land value based on landowners' self-declaration. Landowners were required to file a declaration indicating the values of their land. The government would adjust these values according to the values of land of similar class, location and use, and would announce two standard values for each block in each street, representing its average rental value and market price. The former was called the 'officially announced land value' (OLV) and the later was referred to as the 'officially announced market value' (OMV). The second measure was to impose a land tax based on these standard values. The third one was that government was given the authority to purchase private land at the OMV whenever it was in need of land for public purposes. Lastly, when the land was sold to a new owner at a market price, an increment tax was levied against the difference between the OMV and the OLV. Afterwards, the revenue generated from this land value increment tax was used for health and welfare services, or to finance public housing and facilities (Section 33, SEULO, 1954).[38]

The application of SEULO in the first instance was opposed by the provincial and city councils. Hence, before the end of the 1950s, this legislation was only applied to 59 urban areas (including Taipei), covering a land area of 18,192 hectares. Only 32 per cent of the total land area was located within urban planning areas. This meant that most of the major growth areas were not covered by the land reform programme. Therefore, unlike land reform in the rural areas, urban land reform did not bring an instant impact on cities as expected. Since the majority of urban land was still under private ownership and

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[38] This concept, usually referred to as 'land value increment to the community', aims to tax value increment of land for the benefit of society as a whole. (cf. Fung, H., 1988, p.90).

the landowners hold the exclusive property right, market forces were allowed free play. The impact of this type of landholding system and land ownership on urban development gradually came to the surface in the coming years.

4.6.3 The Establishment of New Planning Regime (1964-1981)

The military tension between Communist China and Taiwan gradually defused after the early 1960s. Taiwan's import-substitute industrialisation strategy also began to take shape. An Urban Planning Commission was established by the Ministry of Home Affairs and the provincial government in 1961 to examine several issues regarding the supply of industrial land which had been addressed by the Investment Incentive Ordinance.[39] After completing an island-wide land survey, the Commission proposed to formulate a new planning regime on the grounds there was a serious shortage of industrial land and a lack of overall planning to regulate industrial establishments (Ministry of Home Affairs, 1963, pp. 25-30). Hence, with the aid of the United Nations Development Plan, the government set up a central planning agency - the Urban and Housing Development Committee (UHDC) under the International Co-operation and Development Committee of the Executive Yuan. The Urban Planning Committee (UPC) was also formed under the Ministry of Home Affairs as another central planning authority outside the UHDC. While the UHDC was mainly responsible for drafting regional plans, the URC was in charge of review and approval.

The Urban Planning Act was revised in 1964. The amendment appears to have been a combination of the 1936 Planning Act and new regulations. It clarified the function of city plans, defined the duties of planning authorities, and outlined the procedures for drafting plans (Section 1-9, Urban Planning Act). The City Plan was basically a two-tier plan consisting of a Master plan and a series of Detailed Plans (Section 5, Ibid.). The Master Plan laid down the overall concepts of urban development; and the Detailed Plan covered parts or the city, focused on commercial, administrative, or residential districts,

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[39] The Investment Incentive Ordinance which began to enact in 1961, was one of the most powerful devices for industrial development. According to the act, the government should select proper locations and increase the supply of land for industrial establishment. To achieve the aims, the government can revise the present land-use plan and convert some of the public land or agricultural land in the urban areas into industrial use (Section 25-29, Investment Incentive Ordinance).

public facilities and special projects. Land use, population densities and plot ratios for the planning areas laid down in the Detailed Plans would be reviewed every five years.

According to this act, the local government would have its own planning authority and planning committee. City plans produced by the local planning authority were to be submitted to the UPC for final review and approval. Once a draft plan was made by the planning authority, public hearings for citizens were to be held. The draft plan would be reviewed and possibly revised before formally submitting to the central planning authority (Section 10, Ibid.). The local planning authority was also responsible for land acquisition and land re-plotting. To construct traffic roads and infrastructure for public use, some private land parcels in the city were designated as the 'Reserved Land for Public Facilities' in the Detailed Plan. Land use of the 'reserved land' was restrained once the Detailed Plan was approved. The local planning authority was obligated to acquire the 'reserved land' five years after the designation.[40] Under certain circumstances, the acquisition period could be extended to ten years. Compensation to landlords was paid in accordance to the officially announced market value (Section 48, 49, Ibid.). The local planning authority was also the main agent to initiate urban renewal. Once the area had been selected, the local planning authority was responsible for drafting renewal plans and for introducing incentives to encourage the private sector to take part in urban redevelopment (Section 27, Ibid.).[41]

The UHDC conducted a five-year project during 1966-71 and produced several strategic plans. The Taiwan Area Physical Plan was released in 1971 and was officially approved in 1979. It functioned as a policy guideline for the physical development of Taiwan.[42] Three Regional Plans for the northern, middle and southern regions of Taiwan and several Sketch Plans for major cities such as Taipei, Taichung and Tainan were also released subsequently. Following the completion of these regional plans, several large-

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[40] According to the SEULO, owners of the 'reserved land' would be compensated with a price equal to officially announced market value (OMV). The OMV is generally lower than the market price.

[41] Urban renewal area was selected by the following principle: a run-down area suffering from public health and safety problems due to a concentration of dilapidated or squatter houses and a lack of back-lanes, public facilities and sanitary systems.

[42] This plan divided Taiwan into four regions: northern, central, southern and eastern. It also proposed five major development programmes for each regions, including transportation development, industrial estate development, social capital improvement, rural re-development, and metropolis development (UHDC, 1971).

scale infrastructure development projects were started in the metropolitan areas by the UHDC. In Taipei, a eight-year Public Work Construction Plan (1968-1975) and a six-year Civic Construction Plan (1976-1981) were put into effect. The traffic-road system of Taipei, which was defined by the earliest Master Plan, was almost completed by the early 1980s. Accordingly, the road area of Taipei increased from 701 hectares in 1967 to 1,675 hectares in 1981. These new traffic roads were constructed in the eastern part of the city, including Shungshan (21 per cent), Taan (20 per cent) and Chungshan (13 per cent) Districts. They helped to open sites for property development in the coming years (Tsen, S., 1994, pp. 76-7). Squatter clearance and resettlement housing seems to have remained a top priority for the central government in the mid-1970s. The UHDC granted a special fund to the planning authority of Taipei to start urban renewal.[43] The Public Housing Construction Committee also launched a four-year Resettlement Housing Programme which built resettlement housing on public land near the large squatter areas where urban renewal projects were about to take place (UHDC, 1971, p.46)

Compared with the UHDC, the local government in Taipei seems to have had a very small part to play. For political reasons, the central government could not decide whether to designate Taipei as a national capital or just to keep it as a provincial capital. It was only in 1967 that Taipei was formally granted as the 'Special Municipality of the Republic of China' (Map 4.6.3-4). The city area was expanded to 27,414 hectares. Six towns were added to the original 10 districts, making 16 districts in total. The boundary of the county was also redefined to incorporate 6 satellite cities, 5 towns and 12 districts (Taipei Municipal Government, Annual Report, 1968). The local government established its own planning authority - the Urban Planning Board (UPB) in the late 1960s under the Department of Public Works (DPW).[44] The Urban Planning Committee was formed by the Mayor and his planning advisors.

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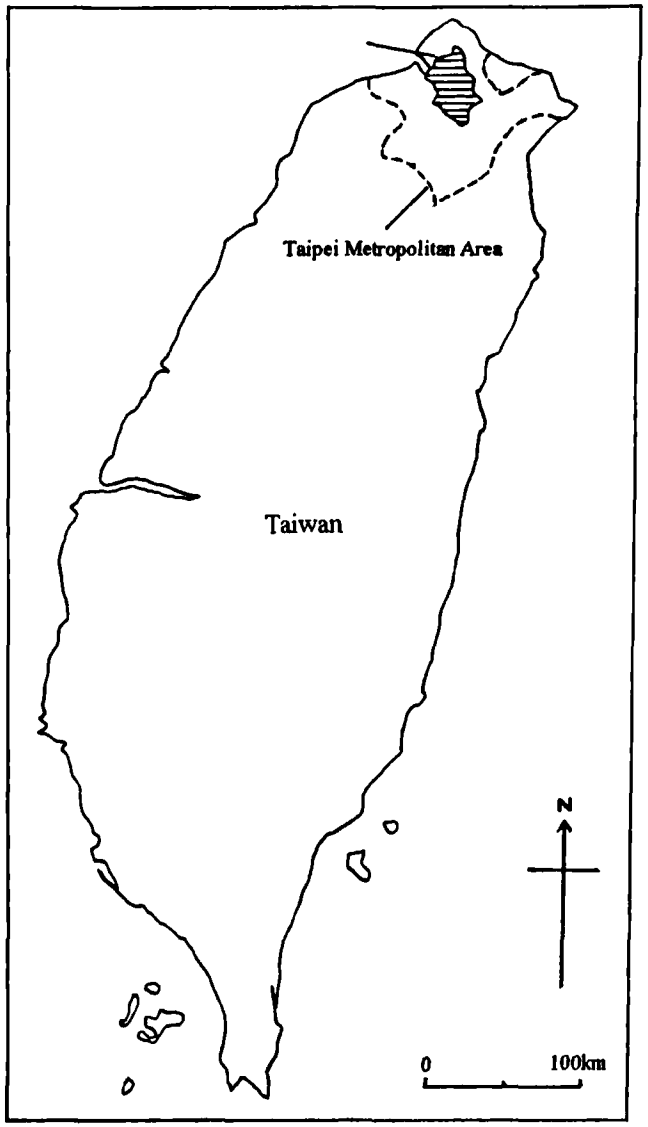
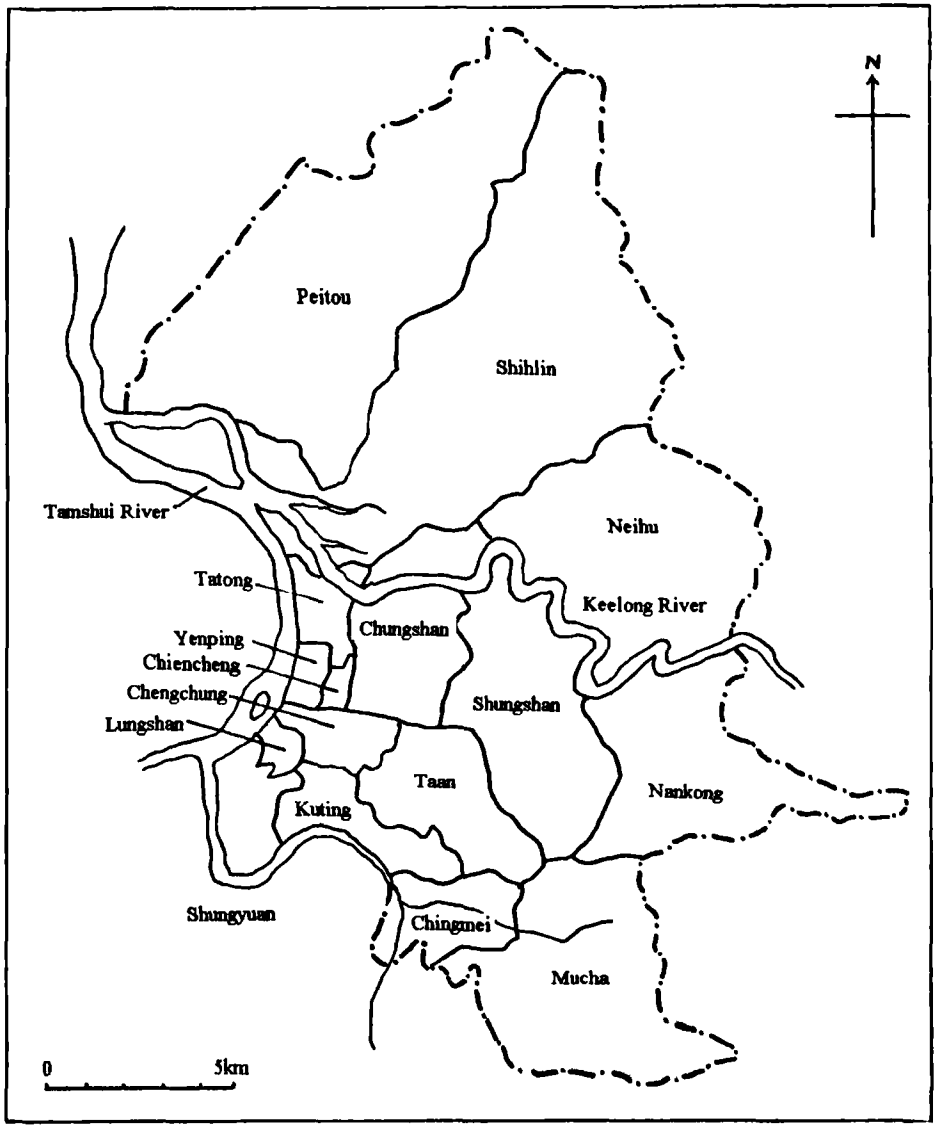
[43] Huajang Bridge Area Improvement Plan and Wanda Plan were completed by the planning authority (Urban Development Department, 1990, p.1-10). The first project took place during 1969-73. It cleared 1,900 squatter houses which occupied a land area of 5.7 hectares fronting the Tamsui River. All of the original residents were resettled in 1,860 resettlement housing built in the same area. The second project was initiated during 1972-74. It targeted another 4,880 river-side squatter houses in Lungshan and Taton Districts. The squatter houses were replaced by 4,036 resettlement housing. For a detailed discussion see Pei, L., 1986

[44] The UPB was at a very low hierarchy of the municipal administration. It was until the early 1990s that the UPB was separated from the DPW and became an independent planning authority -the Urban Development Department.



Map 4.6.3. The Location of Taipei Municipality



Map 4.6.4. The City of Taipei: Census Districts (1990)

Although a new Master Plan for Taipei - the Taipei City Sketch Plan (TCSP) - was already completed by the UN consultants in the late 1960s, it was abandoned by the local government for political reasons (Hsu, A., 1989). The local government simply wanted to revise the land-use plan of the TCP instead of adopting this new Master Plan. The amendment of the land-use plan, with effect from 1967, kept one concept laid down by the early TCP: the Tamsui River remained as the western boundary of the city, and further development was to be directed to the eastern areas. Apart from this, various original ideas for the physical development of Taipei were entirely abandoned. Zoning control, which remained highly controversial at that stage, was not applied.

As described above, urban renewal seemed have been important during the early period as a response to the central government's defence policy. Later, if there was no urgent need, urban renewal was entirely ignored by the central government. The Urban Planning Act released in 1964 did not provide an effective device for the local planning authority to put urban renewal into practice. Therefore, without financial support and proper legislation which were still lacking, the local planning authority was unlikely to take any move. Before the Urban Renewal Division (URD) was finally established under the UPB in 1976, there was no single authority in charge of urban renewal in Taipei. The planning authority launched 14 urban renewal projects between the mid-1970s and the early 1980s. Five of them were completed while another one was in progress at the end of this period, and the rest were suspended or completely abandoned (Appendix 1.24). The five completed projects were in places where most of the land was publicly-owned, showing that land ownership was particular critical in urban renewal. This will be discussed in greater detail later. However, since most of the urban renewal projects initiated by the local government failed, urban renewal appears to have had a small part to play in the overall urban development.

4.6.4 Urban Redevelopment for the Transformation of National Capital (1982-)

The state's economic strategy from 1980 onwards had a clear aim: to change Taiwan from a country relying on labour-intensive industries for export to a nerve-centre of high-technology and advanced services. To accelerate this restructuring process, restrictions on foreign investment in the financial sector and the stock market were removed. Foreign-based firms were given more freedom to perform in the national economy. There

was also a large increase in public investment on industrial infrastructure, telecommunication and transportation. The government also decided to transform Taipei from a capital restricting itself to the national function, to a global city for headquarters offices of international corporations, banking, financial institutions and advanced services. To perform these global functions, the infrastructure and services of the city had to be upgraded; and the old image of Taipei - a polluted and overcrowded city - needed to be improved. All these required an active planning rather than a reactive prevention of the undesirable, as in the past.

The local government of Taipei issued nine Detailed Plans in the 1980s.[45] The major objectives were, in brief: to establish a sub-centre in the eastern part of the city as an high-rank office and commercial centre; to redevelop land in the central area, especially in the vicinity of the old CBD; and to encourage suburban development. Among all these detailed plans, the creation of a sub-centre in the eastern part of the city had most far-reaching influence. An ambitious redevelopment plan drafted as early as in 1976 - the Hsinyi Sub-Centre Special Zoning (HSSZ) - was put in effect in 1984. The HSSZ was located at the centre of Shunshan District, covering a land area of 153.21 hectares. About 30 per cent of the land area was to be used for high-density office and commercial development. The regulation for controlling building-height, which was laid down by the Airway Security Authority previously, was removed in order to allow skyscrapers to emerge. New buildings were subject to strict zoning and urban design guidelines to ensure the development could create a catching idiosyncratic image for this area.

The local government also encouraged residential development in the suburban area in order to remove the population from the congested central area to the periphery and to release more residential land for commercial use. To initiate the decentralisation process, the local government was funded by the Ministry of Transport to develop a Mass Rapid Transit system for the city (Map 4.6.5). An underground and a above-

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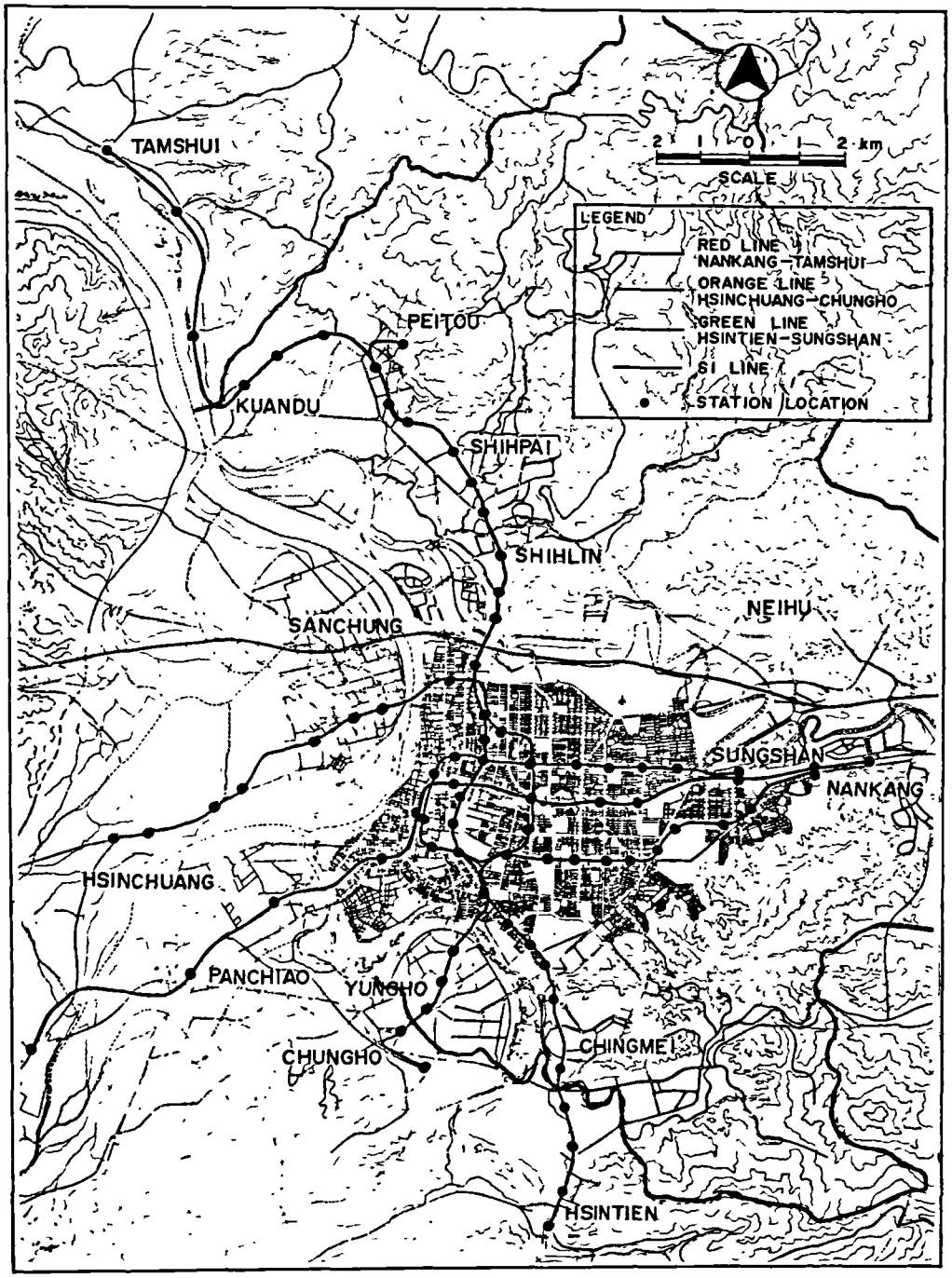
[45] These detailed plans include: 1) redevelopment of the old city areas - the old CBD redevelopment, Wanhwa (Moungar) Railway Station redevelopment, Dadowchang Special Zoning; 2) development of newly-generated land in an area where the over-surface railway was transformed into an underground train- Taipei Railway Station Special Zoning and Chunghua Road Pedestrian Mall, 3) development of the new CBD - Hsinyi Sub-Centre Special Zoning; 4) development of newly-claimed land - Shedz Peninsula development; 5) development of agricultural land in the peripheral area - Kuantu Plain development; 6) suburban development - Shihlin community development and urban design; 7) land reclamation - Keelung River shortening programme, Keelung River reclamation project; 8) urban renewal and 9) urban survey.



Map 4.6.5. The Mass Rapid Transit System, Taipei

ground light railway were built after 1987 as pilot projects for the MRT. Property development in places near the new traffic corridor and in the suburban area began to take shape.

Moreover, the surface railway which ran through the core of the central area was transformed into an underground line after 1983, allowing more land to be released for new development. A comprehensive redevelopment plan - the Taipei Railway Station Special Zoning - was implemented in an area adjacent to the original railway station, aiming at high-density office and commercial development. Urban renewal in the run-down places in the old central area was mostly required to provide sufficient land for further commercial development and to improve the existing image of the city. The local government thus issued a series of surveys during 1985-88 to assess the condition of the deteriorated areas and to provide the grounds for the formulation of redevelopment strategies. The direct result was an ambitious Urban Renewal Long-Term Plan (URLP), which listed twenty-six run-down areas for redevelopment, including seven areas which could not be regenerated by previous urban renewal plans.

Adequate legislation for urban renewal was finally introduced. The Procedure for the Implementation of Urban Renewal (PIUR) was in effect in 1983 as a by-law of the Urban Planning Act. According to the PIUR, the local planning authority would issue an urban renewal survey every five years (Section 3, Procedure for the Implementation of Urban Renewal). Urban renewal areas were selected according to the following priorities: for the purpose of enhancing the function of the city; to support major physical development projects; to encourage the full development of land with low utility; to improve the image of particular areas containing important tourist sites; to upgrade the physical environment for public health and safety reasons; to preserve areas which had historical and cultural values; and to clear squatter houses which obstructed major traffic routes (Section 6, Ibid.).

The local planning authority could acquire land and properties from their private owners to accelerate the pace of renewal on condition that 'an agreement, including land title and deed, could not be reached by the original owners' (Section 12-15, Ibid.). In this case, the authority could re-sell the land back to the original owners or other individuals (Section 22, Ibid.). Under the sale scheme, the original owners were generally given first priority to buy their land or properties back. There were still some strict rules. For

instance, owners could not buy more land than the sizes of their original lots. If the sizes of their original lots were smaller than the minimal size of building site required by planning law, they were not allowed to develop except in partnership with other owners (Section 23, Ibid.).

More importantly, special incentives would be given to landlords or developers who engaged in the redevelopment of large-sized land parcels or the renovation of historical preservation sites within urban renewal areas. In the above cases, property developers could obtain loans from the government-owned banks or receive special funds from the government. If they redeveloped these sites following the official guidelines, their land parcels would be granted excess plot ratio, thereby enabling them to gain additional floor space equal to the floor space reserved for public facilities, open space or historical preservation (Section 26-33, Ibid.).

The URLP aimed to bring more private investment back into these run-down areas, then to redevelop the land for higher-rank activities. In line with the whole package for a comprehensive redevelopment of the run-down areas in the central city, the government also noticed that historical buildings would be a most valuable environmental asset, since only the image rooted in historical and cultural heritage could really make a city different from its competitors. However, all these policy moves merely represented a small step made by the government to assure a more active role in urban development. There were still many deeply-seated problems in the existing planning regime. These problems finally rose to the surface in the late 1980s and some of them even had serious political consequence.

4.7 Urban Planning and the Property Market in the Post-1980 Era

4.7.1 The Disruption of the Price mechanism in Taipei's Housing Market

The late 1980s appear to have been a turning point for the housing market. The second construction boom ended in 1982 and was followed by a remarkable downturn which lasted up to the end of the 1980s (Figure 4.5.2). During this recession period, the value added by the construction industry dropped to 3.9 per cent of GDP in 1986. Construction investment accounted for 6.3 per cent of GDP. The floor area built annually

decreased 26 per cent in 1982 and 10 per cent in 1983. The total floor area built every year even fell to 26,527,000 sq.m. in 1986 - less than two-thirds of that in the boom period (Appendix 1.8, 1.16, 1.17.). The floor area built every year in Taipei also sharply declined, and this extent was much more significant than that in Taiwan as a whole (Figure 4.5.3, 4.5.4). The floor area built annually decreased 15 per cent on average during the period 1982-86. The total floor area built every year declined to 3,517,000 sq.m. in 1986 - only one-fifth of that in 1981. During the period 1987-91, the annual floor area built increased 3.8 per cent in average. It was not until 1993, when another construction boom began to take shape, that the annual floor area built returned to a moderate level of 5,877,000 sq.m. (Appendix 1.20).

During the downturn of building investment, the supply of residential floor space in Taipei was limited. The supply of residential space drastically declined during 1982-86. In 1986, floor area built every year decreased to 2,180,000 sq.m. - less than one-third of that in 1981. During the period 1987-91, it stood in a range between 1,786,000 sq.m. and 2,253,000 sq.m. (Appendix 1.20). The shortage of floor supply had a serious impact on the housing market in Taipei. The price mechanism of the housing market broke down in the late 1980s. During 1987-89, the average price for a newly-built flat rose 40.3 per cent, 88.6 per cent and 61 per cent annually. The average housing price increased from 83,800 per pin (3.3 sq.m.) in 1986 to 357,200 per pin in 1989 - the highest point over three decades (Appendix 1.22).

The price escalation during the late 1980s had many undesirable consequences. As can be seen in Table 4.7.1, the increase in annual household income in Taipei was far below the growth in housing prices. During the period of 1975-80, annual household income increased 120.6 per cent while the average price for a 30-pin new residential unit gained 152.7 per cent. Housing price equalled 8.6-year household income. The situation was slightly improved in the mid-1980s since housing price decline by 11.5 per cent, and real wages rose 56.4 per cent. From 1985 to 1990, housing price increased 366.7 per cent, while the annual household income only gained 53.4 per cent growth. This meant that by 1989, a new residential unit would cost a household 16.7 years income (Kuo, L., 1991, pp. 107-14). It is believed that housing inequalities among different income groups gradually emerged, and even the middle stratum of society were

Table 4.7.1 Housing Prices and Annual Household Income, Taipei, 1973-1993

	Annual Household Income		*Housing Price for a 30-pin New Unit*		*Housing Price/ Annual Income*
	$1,000 dollars	*Change*	*$1,000 dollars*	*Change*	*%*
1973	90.1	-	627	-	7.0
1974	119.8	32.9	831	32.5	6.9
1975	133.6	11.5	1,008	21.3	7.5
1973-1975	-	48.2	-	60.8	-
1976	156.9	17.5	1,005	-0.3	6.4
1977	167.5	6.8	1,047	4.2	6.3
1978	189.7	13.3	1,179	12.6	6.2
1979	244.9	29.1	1,671	41.7	6.8
1980	294.7	20.3	2,547	52.4	8.6
1975-1980	-	120.6	-	152.7	-
1981	360.0	22.2	2,700	6.0	7.5
1982	404.4	12.3	2,463	-8.8	6.1
1983	438	8.3	2,400	-2.6	5.5
1984	441.6	0.8	2,286	-4.8	5.2
1985	460.8	4.3	2,253	-1.4	4.9
1980-1985	-	56.4	-	-11.5	-
1986	454.8	-1.3	2,514	11.6	5.5
1987	511.2	12.4	3,528	40.3	6.9
1988	556.8	8.9	6,657	88.7	12.0
1989	643.2	15.5	10,716	61.0	16.7
1990	706.8	9.9	10,515	-1.9	14.9
1985-1990	-	53.4	-	366.7	-
1991	777.48	10.0	9,939	-5.5	12.8
1992	948	21.9	9,900	-0.4	10.4
1993	1042.8	10.0	10,314	4.2	9.9
1990-1993	-	47.5	-	-1.91	-

Source: Survey of Family Income and Expenditure, Ministry of Home Affairs, 1993; Weekly Report of Housing, Tailien Real Estate, 1994

also affected by the price escalation. The crisis finally emerged on to the surface in the late 1980s.

The late 1980s witnessed the end of one-party domination, and the political regime was in conformity with competitive party politics. Many grassroots organisations and civil groups emerging in this period were concerned about urban issues such as environmental quality, housing prices, public services and historical preservation. The Houseless People Movement - a series of campaigns initiated by a group of primary school teachers in 1989 to protest against worsening housing problems and skyrocketing housing prices - involved twenty thousand citizens (Haggard and Cheng, 1992, p.71). They demanded a tough action from the government to combat land speculation, to regulate the overheated property market and to improve the quality of public services. This began to show

that more and more citizens became interested in the planning decision-making process and were willing to take actions. The government was thus kept under political pressure and its policies had to respond to public concerns.

4.7.2 Giant Enterprise Groups and Property Speculation

It is widely accepted that enterprise groups which engaged in land speculation were also responsible for the disruption of the price mechanism in the housing market.[46] As mentioned before, large enterprise groups emerging from industrial production began to engage in property development in the mid-1960s. Cathay Enterprise for instance, set up Taiwan's first and largest property development company in 1964. Three years later, the second largest development company was established by Pacific Enterprise. During the first property boom, other giant enterprise groups such as Hsingung Enterprise and Asia Enterprise also formed their own development branches. Although the number of small- and medium-sized development companies also increased during this period, they offered no threat to enterprise groups which had much more financial capital.[47]

As earlier mentioned, mortgages from the state-controlled banking system formed the main financial source for property development. The government managed price inflation through imposing restrictions on mortgage credit to property developers. To avoid the state's mortgage regulations and to self-finance property investment, giant enterprise groups such as Cathy Enterprise and Hsingung Enterprise, established their own life-insurance, trust and investment companies. These companies gained their capital from individual depositors and provided financial capital to property development companies while they were banned from access to bank loans. Their investment strategies were soon followed by other individual life-insurance companies, such as Taiwan Life Insurance and Nanshan Life Insurance.

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[46] According to an opinion poll conducted by the Public Opinion Foundation (POF) in 1990, 42.2 per cent of respondents thought that enterprise groups which engaged in land speculation were responsible for the disruption of the price mechanism in the housing market; 31 per cent of respondents thought the soaring prices were caused by quick property transactions encouraged by enterprise-owned property management agencies (POF, 1990, p.6). Another questionnaire survey issued by the KMT's Social Work Committee had a very similar conclusion (Bai, J., 1988, p.12).

[47] The annual income of Cathy Enterprise was about 4 per cent of GNP, those of Hsingun Enterprise and Pacific Enterprise were 1.04 per cent and 0.64 per cent respectively (Tsen, S., 1988, p.80)

These enterprise-owned companies and individual life-insurance companies often bid for land at a price several times higher than that advertised for sale by the government.[48] They helped to raise the bidding prices for several land parcels in Taipei between 1978 and 1980. Subsequently, the market prices of land parcels in the surrounding area were forced up (Lin, Y., 1982, p.19). After the early 1980s, these companies used their financial capital to invest in land, thus becoming the main landholders in major cities. Altogether they held 330 vacant lots totalling 133,094 hectares in Taipei - approximately 30 per cent the size of the city. Cathy Enterprise became the biggest private landholders in Taipei since their construction, life-insurance, trust and investment branches altogether owned 80 vacant lots. Asia Enterprise (10 lots) and Pacific Enterprise (7 lots) were also big landholders (Land Department, Taipei Municipal Government, 1981). The possession of financial capital and land enabled these companies to manipulate the market price mechanism for making short-term profit.

As an annual growth rate at 26.7 per cent in average, the total capital of all life-insurance companies increased from NT$ 385 billion in 1970 to NT$ 70,140 billion in 1993 (Ministry of Finance, 1994). Their investment in land and properties grew on average 28.6 per cent each year, increasing the total investment value from NT$ 82.5 billion in 1970 to NT$ 1,094 billion in 1980 and approaching NT$ 14,460 billion in 1993 (Table 4.7.2). As the overall building construction was halted after the mid-1980s, building investment by these companies became more decisive. Their share in total building investment increased to 8.3 per cent in 1986 and 12.5 per cent in 1990. In the late 1980s, it was estimated that almost 30 per cent of total circulating assets in the housing market were produced by life-insurance companies (Economic Daily News, 8, Feb., 1990). Cathy Enterprise played an active role by spending more than 50 per cent of its total capital in land and property investment. It invested NT$ 7,017 billion on property development in 1990, constituting more than one-half of the total investment made by all enterprise groups and about 7.4 per cent of total building investment value in Taiwan (Table 4.7.2). These enterprise-owned companies gained massive profits by

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[48] In 1987, Cathy Life Insurance paid NT$ 2,970,000 p.sq.m. for bidding a vacant lot totalling 5,846 sq.m. in Saungshan District. The bottom price advertised for sale was NT$ 825,000 p.sq.m. In the same year, Hsingun Life Insurance bought a larger vacant lot in the Sub-Centre totalling 8,754 sq.m. The price paid for bidding was NT$ 3,300,000 p.sq.m., much higher than the bottom price NT$ 1,900,000 p.sq.m. The official announced market value for land in the surrounding area of these two lots was only NT$ 60,000 p.sq.m. and NT$ 42,000 p.sq.m. respectively (Ministry of Finance, 1987).

investing in land and properties. The average gross profits made from property development were estimated at NT$ 7 billion in 1988 and NT$ 13.6 billion in 1989 (United News, 7, May, 1990).

The government was concerned about the widespread speculation headed by giant enterprise groups and the undesirable consequences. In the early 1980s, political leader Chiang Ching-Kuo launched a nation-wide campaign in the name of 'Anti- Speculation and Monopolisation' to combat land speculation. The government raised the tax rate on vacant lots and to check the income taxation of individual investors. Landholders of vacant lots were compelled to build before the deadlines, leading to artificial over-supply and depressed real estate prices. Once it was implemented, this policy seems to have affected small- and middle-sized development companies. The empty-lot taxation, in par-

Table 4.7.2 Building Investment by Insurance Companies and Enterprise Groups, 1970-1992

	Building Investment by Insurance Companies			*Building Investment by Cathy Enterprise Group*			
	Investment Value (million)	*% Change*	*%Share of Total Building Investment*	*Investment Value (million)*	*% Change*	*%Share of Total Capital*	*%Share of Total Building Investment*
1970	825		1.7	249		31.0	0.5
1971	1,245	51.0	2.0	566	126.0	45.0	0.9
1972	1,580	27.0	2.1	676	19.0	43.0	0.9
1973	2,346	49.0	2.3	1,207	78.0	52.0	1.2
1974	3,297	41.0	2.1	1,720	42.0	52.0	1.1
1975	3,363	2.0	1.8	1,515	-12.0	45.0	0.8
1976	3,799	13.0	1.9	1,797	18.0	47.0	0.9
1977	4,908	30.0	2.3	2,661	48.0	54.0	1.3
1978	6,765	38.0	2.6	3,642	36.0	53.0	1.4
1979	9,026	33.0	2.7	5,096	40.0	56.0	1.5
1980	10,941	21.0	2.4	6,206	22.0	57.0	1.4
1981	13,467	23.0	2.7	7,666	24.0	57.0	1.6
1982	17,426	29.0	3.5	9,853	28.0	57.0	2.0
1983	23,345	34.0	4.9	13,594	38.0	58.0	2.8
1984	29,116	25.0	5.9	18,742	38.0	64.0	3.8
1985	36,610	26.0	7.9	21,965	17.0	60.0	4.7
1986	43,002	17.0	8.3	23,631	7.0	54.0	4.6
1987	59,029	37.0	9.5	35,811	51.0	60.0	5.8
1988	77,261	31.0	10.7	49,013	37.0	64.0	6.8
1989	95,091	23.0	11.1	55,436	13.0	58.0	6.5
1990	118,362	24.0	12.5	70,169	26.0	59.0	7.4
1991	125,490	6.0	12.0	70,891	1.0	56.0	6.8
1992	130,348	4.0	10.8	69,688	-1.0	53.0	5.8
1993	144,600	10.9	10.5	73,400	5.3	52.0	5.4

Source: Ministry of Finance, Annual Report of Insurance, 1975, 1994

ticular, brought many of these companies into bankruptcy in the mid-1980s (Chow, Y., 1981, p.24). Interestingly, while some leading trust companies began to experience financial troubles, the government supported them with public funds (Industrial and Commercial Times, 1984, p.31; 1985, p.39).[49] Although the government defended its intervention as 'a difficult decision' made to 'protect thousands of individual depositors of these trust companies' and to 'secure the stability of the financial system', it was widely believed that these actions were all part of a conspiracy to protect some high-level state elite who were in tacit alliance with giant enterprise groups (Han, Y, 1985, p.24). However, these enterprise-owned companies survived thanks to the state funding.

Public opinion towards the surge in property prices and the intervention by the state was extremely divided. On the one hand, profit gains from land and property investment constantly sustained a speculative demand. Strong resistance emerged among enterprise groups and individual landlords against state intervention, and this was strengthened following the political reform and the break down of the KMT domination in the late 1980s. On the other hand, the moderate- and low-income population, who suffered most from the rise of housing prices, were strongly against property speculation (Legislative Yuan Bulletin, 1989,1990,1994). The divided property interest seems to have combined with the existing conflict between Taiwanese and mainlanders, therefore the whole issue became closely associated with the power struggle in the political arena. As mentioned previously, mainlanders had a large presence in the public sector and represented the middle-income population. Many of them lived in rental housing provided by the state and did not buy land or properties for themselves. The trend of property speculation made them feel relatively poor in comparison with native Taiwanese who owned land and houses (Central Daily News, 12, June, 1980). As the power struggle within the KMT became intensified, the hard-liner faction of the party, mainly consisting of mainlanders, turned to oppose a laissez-faire policy regarding land and property investment. They were furious about the government's concessions to profit-seeking development, and used this issue as a means to challenge the leadership of the party. At the same time, the opposition parties (the DPP and the CNP) issued a series of public inquiries in the

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[49] The government granted NT$ 160 billion to the Tenth Trust (owned by Cathy Enterprise) in 1980, NT$ 44 billion to the Asia Trust in 1982 and NT$ 8 billion to the Overseas Chinese Trust in 1984 (Industrial and Commercial Times, 1985, p.39)

Legislative Yuan and made combating property speculation the top issue during their election campaigns.

The government, which was still controlled by the KMT, was faced with the situation that the critical issues of land speculation and housing prices were gradually turning the middle-class population and mainlanders against the party. Compelled by all forces of the circumstances, the government decided to tackle property speculation in the late 1980s through introducing more financial measures. The Ministry of Finance proposed to reduce the percentage of capital resources that life-insurance and trust companies could use to invest in land or properties from 33.3 per cent to 20 per cent (Chili Morning News, Aug., 17, 1989).[50] This policy, not unexpectedly, was strongly opposed by the representatives of enterprise groups and life-insurance companies in the parliament. At this juncture, the state had gradually lost its autonomy to the financial capitalists who were supported by landlords and the local bourgeoisie. The financial capitalists who took over the parliament through the general elections, began to exercise their political influence and direct the policy toward their interests. Through the co-operation of their allies in the Finance Committee of the Ministry of Finance and the Legislative Yuan, they successfully changed the policy and reduced the target to only 30 per cent. Hence, although to tackle land and property speculation was by then a subject of common consent among the state elite, the state found itself effectively unable to interfere in the property market.

4.7.3 The Spatial Distribution of Newly-Generated Floor Space and Property Price

After three-decades of building investment led by the private sector, an uneven pattern of urban development had already come into existence in Taipei. The spatial distribution of newly-generated floor space can offered a good illustration.[51] For analytical purposes, statistical data at district level are recorded and summed by every five years (1976-1980,

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[50] According to the 1974 insurance law, life-insurance companies could invest in the housing market not excess 33.3 per cent of the total capital collected from the depositors.

[51] This data was made between 1974-1991. The 1991-1995 data were omitted here due to the inconsistency of real estate statistics. It was caused by the change of the boundary of Taipei's sixteen districts at the end of 1990 which reduced the number of districts from sixteen to twelve. Since the newly published real estate statistics do not deal with the problem of data transformation, it is impossible to separate the data of old districts from new format used in the post-1990 statistics.

1981-1985 and 1986-1990). Sixteen districts within Taipei are aggregated into five groups: 1) the central area (two districts containing the old CBD and the sub-centre); 2) the central area fringe (two districts between the old CBD and the sub-centre); 3) the old central area (three districts constituting the original settlements of the city); 4) the outer urban area (five districts surrounding the above areas); and 5) the suburban area (five districts on the periphery of the city). The results are presented in Table 4.7.3.

From 1976 to 1990, the central area (19.4 per cent), the central area fringe (25.4 per cent) and the suburban area (37.4 per cent), altogether accounted for 82.3 per cent of newly-generated floor space. The central area had substantial increase in floor space, but it is clear that most of the growth concentrated in Shungshan (the sub-centre) rather than in Chengchung (the old CBD). As mentioned previously, the development of the eastern part of the city has long been emphasised in the Master Plan. The implementation of the Hsinyi Sub-Centre Special Zoning could be seen as a realisation of this concept. It brought a new wave of property development into this area. Property development in Shungshan District accounted for 16.8 per cent and 15.6 per cent of newly-generated floor space in 1976-80 and 1981-85 respectively. It reached a climax in 1986-90 when the district's share of floor space rose to 23.5 per cent - the highest among all sixteen districts. The old CBD - Chengchung by contrast, received only 2.5 per cent, 1.3 per cent and 1.8 per cent during three time periods.

The central area fringe witnessed large increases in floor space. Property development in the sub-centre apparently created a great impact on its fringe area. Taan District in particular, received 12.4 per cent of floor space in 1976-80, 16.5 per cent in 1981-85, and 9.0 per cent in 1986-90. The fringe area of the old CBD was seen as an alternative location for property development as land in the old CBD became difficult to obtain: Chungshan District received 16.8 per cent, 15.6 per cent and 21.6 per cent of newly-generated floor space during these three time periods. Property development in the suburban area also had already started in the late 1970s; five districts in this area together received 37.6 per cent of newly-generated floor space during 1976-80. As mentioned in the previous section, the road system of the city was almost completed before the early 1980s; transport between the city and the county was largely improved, which assisted property development in the suburban area. This trend continued and the percentage share of the suburban area even increased to 40.3 per cent in the late 1980s. Neihu and

Shihlin appear to have been the two most popular suburban districts for property development over this time.

Property development in the old central area seems to have been hindered during these fifteen years. This area consisted of three original settlements of the city: Lungshan (Moungar), Yenping (Dadowchang) and Chiencheng (part of Chengnei). Every district in this area gained less than 3 per cent of newly-generated floor space over this time. The floor area generated in Yenping District only represented 0.9 per cent of the total - the second lowest among the sixteen districts of Taipei. The outer urban area was in the same situation. Two districts in the area, Shuangyuan and Tatong, were also considered to be the old districts of Taipei since they were the extension of the original settlements. Each of them received only 2 per cent of newly-generated floor space over the period.

Table 4.7.3 Floor Area Built by Districts, Taipei, 1975-1990

	Floor Area (1,000sq.m.)				*Percentage Share*			
	1976-1980	*1981-1985*	*1986-1990*	*Total*	*1976-1980*	*1981-1985*	*1986-1990*	*Total*
				Central Area (the old CBD and the Sub-Centre)				
Chengchung	982	450	417	1,849	2.5	1.3	1.8	1.9
Shungshan	4,083	3,400	3,078	10,561	16.8	15.6	21.6	17.5
Sub-total	5,065	3,850	3,495	12,410	19.3	16.9	23.4	19.4
				Central Area Fringe				
Taan	3,006	3,610	1,285	7,901	12.4	16.5	9.0	13.1
Chungshan	2,862	3,300	1,313	7,475	11.8	15.1	9.2	12.4
Sub-total	5,868	6,910	2,598	15,376	24.2	31.6	18.2	25.5
				Old Central Area				
Lungshan	602	215	291	1,108	2.5	1.0	2.0	1.8
Yenping	295	150	82	527	1.2	0.7	0.6	0.9
Chiencheng	176	85	49	310	0.7	0.4	0.3	0.5
Sub-total	1,073	450	422	1,945	4.4	2.1	2.9	3.2
				Outer Urban Area				
Tatong	380	470	327	1,177	1.6	2.2	2.3	2.0
Kuting	1,455	1,010	870	3,335	6.0	4.6	6.1	5.5
Shungyuan	589	505	127	1,221	2.4	2.3	0.9	2.0
Chingmei	1,222	425	655	2,302	5.0	1.9	4.6	3.8
Sub-total	3,646	2,410	1,979	8,035	15.0	11.0	13.9	13.3
				Suburban Area				
Mucha	896	550	983	2,429	3.7	2.5	6.9	4.0
Neihu	1,970	3,250	2,003	7,223	8.1	14.9	14.1	12.0
Nankang	707	560	356	1,623	2.9	2.6	2.5	2.7
Shihlin	2,604	2,440	1,422	6,466	10.7	11.2	10.0	10.7
Peitou	2,420	1,400	971	4,791	10.0	6.4	6.8	7.9
Sub-total	8,597	8,200	5,735	22,532	35.5	37.6	40.3	37.4
Total	24,249	21,820	14,229	60,298	100.0	100.0	100.0	100.0

Data Source: Department of Public Works, Taipei Municipal Government

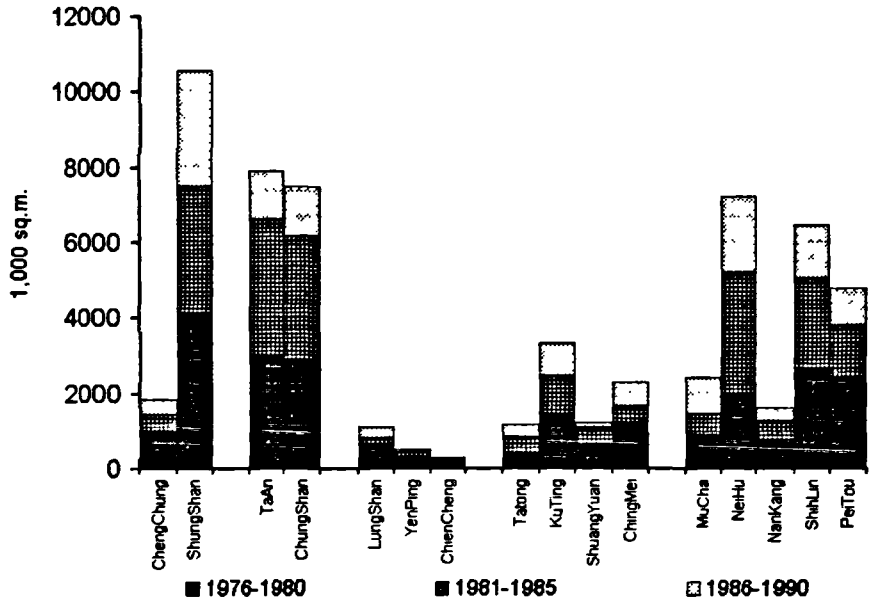
The spatial distribution of newly-generated floor space demonstrates the pattern of property development in Taipei: building investment mainly took place in the sub-centre, the central area fringe and certain districts in the suburban area. Six districts in the above areas received exceptionally large amounts of floor space: Shungshan (17.5 per cent), Taan (13.1 per cent), Chungshan (12.4 per cent), Neihu (12 per cent), Shihlin (10.7 per cent) and Peitou (7.9 per cent). These six districts made up 73.6 per cent of newly-generated floor space. They became the major growth zones of the city. Residential and commercial activities gradually moved from the old core to the eastern side and the periphery of the city. The redevelopment of old districts did not display significant progress, and building investment in those areas was very limited (Figure 4.7.1).

The uneven pattern of building investment also reflected itself in increasing disparity of housing prices in different areas of Taipei. Figure 4.7.2 suggests that in the 1970s, except for the suburban area where housing prices were still low, the disparity of housing prices in the city area was not so obvious. Following the escalation of housing prices in the late 1980s, the gap was clearly enlarged. Housing prices in five areas could be divided into two groups, with the central area and the central area fringe in top rank, and the old central area, the outer urban area and the suburban area at the bottom. The disparity between these two groups became even more substantial in the early 1990s: housing prices in the top group approached NT$ 420,000 per pin in 1993, while these in the bottom group were about NT$ 285,000 per pin (Appendix 1.22).

The decline in housing prices in the old central area became phenomenal in the late 1980s. The average housing price in this area was the highest one among all five areas in the 1970s. Although surpassed by the average housing price in the central area in the mid-1980s, it nonetheless still stood in the second place among five areas. But, during the late 1980s, the average housing price in the old central area was also surpassed by the central area fringe. Further, they continually fell to become the lowest among all five areas in the early 1990s. Among three districts in the old central area, the average housing price in Yenping District (Dadowchang) was NT$ 240,000 per pin in 1993, even lower than the average prices in some districts in the suburban area.

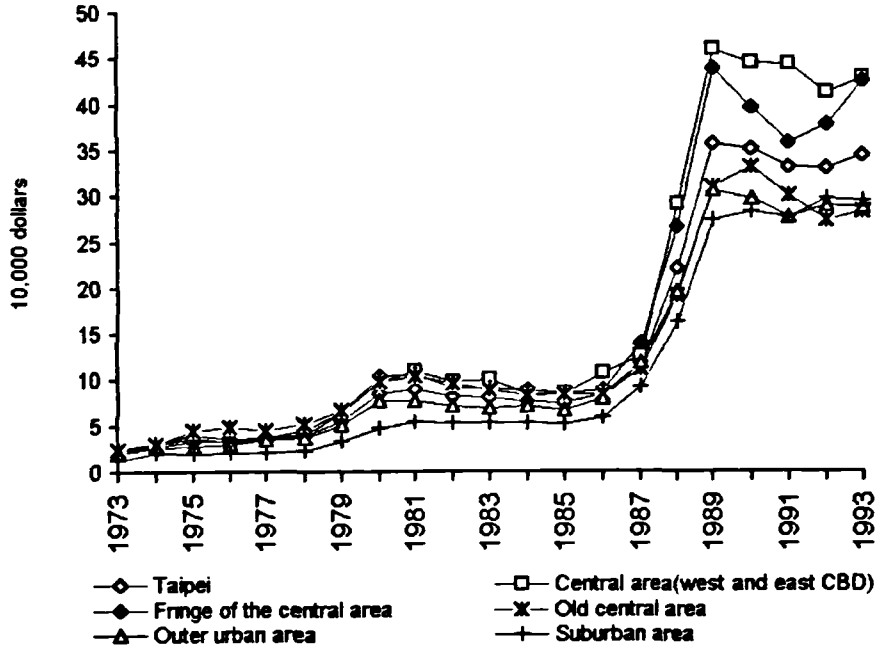
The direct result of an uneven pattern of building investment was that in some areas of Taipei, the quality of infrastructure and services was largely improved and housing prices rose remarkably. Yet in some other parts of the city, housing prices dropped in

Figure 4.7.1 Newly-generated Floor Space by District, Taipei



Source:Appendix 1.21

Fifure 4.7.2 Housing Prices of Newly-constructed Flat, Taipei



Source: Appendix 1.22

line with the decay in the physical environment. Although the importance of urban renewal was addressed by the local government after the early 1980s, property development in the old core of the city, including the old CBD, still progressed at a relatively slow pace. This trend would continue since market forces were allowed free play and the existing planning regime was unable to take the lead in physical development.

4.7.4 The Deficiency of Planning Devices in Urban Renewal

The local government of Taipei stepped in to assert a more vigorous role in guiding urban development in the early 1980s. Urban renewal was considered an important component of urban planning. Yet all kinds of problems emerged to prevent public or private plans getting off the ground. One of the major problems was the excessive fragmentation of land ownership. Generally, a property developer who wished to develop a multitude of parcels simultaneously would, in order to assemble the land, have to make arrangement with each landlord, thereby in most cases making development almost impossible. In Taiwan's context, what planning could do at this level was to convert small lots into parcels of regular size and shape and distribute them among the owners, or to improve the physical environment through investment in infrastructure and services. But this was unlikely to happen, owing to the failure of two important planning devices - land re-plotting and compulsory acquisition.

According to the earliest Master Plan (GTCP), the purposes of land re-plotting were to combine small and irregular land lots for development, to bring together publicly-owned lots thus to generate large-sized lots for the development of public housing and facilities, and to transform agricultural land into residential land. Land re-plotting was most needed in the redevelopment of the old city areas where land was multiply-divided because of the nature of ownership. Unfortunately, the importance of land re-plotting was underestimated by the government during the establishment of the new planning regime. Land re-plotting legislation was excluded from the Urban Planning Act in 1964 and was not in effect until added into the Statue for the Equalisation of Urban Land Ownership (Amendment) in 1977.

However, going by the statement of the SEULO, the local government was authorised to re-plot land on condition that they intended to change the nature of land

use or land ownership, or when more than half of the landowners requested to do so (Section 4, SEULO, 1977). From 1977 to 1990, twenty-eight areas in Taipei covering 614 hectares land area (2.5 per cent of the total land area) were designated as the 'Land Re-plotting Areas'. The average size of these areas was only 25 hectares - much smaller in comparison with those designated during the colonial period (98 hectares in average) (Land Department, Taipei Municipal Government, 1993). Fourteen areas out of twenty eight had a land area less then 5 hectares. These 'land re-plotting areas' were located exclusively in the eastern districts such as Shungshan, Taan and Chungshan or in the suburban districts such as Neihu, Mucha and Peito, aiming to convert agricultural land in these areas to residential land. None of these 'land re-plotting areas' were in the old central area - where this device was most needed to solve the problem of land ownership.

The effect of compulsory acquisition was also in serious doubt. According to the Urban Planning Act (1964), the local government was given the authority to purchase land from original owners in order to start infrastructure construction or other projects for public purposes. This 'reserved land for public facilities' should be purchased within a five-ten year period after the date of designation. Landlords would be paid a compensation price on the basis of a standard land value (OMV). Past experiences indicated that the standard values were always 30-50 per cent lower than the actual market prices. As a consequence, landlords were unwilling to sell their land to the government and used all means in trying to delay compulsory acquisition.[52] In 1973, only 21 per cent of the 'reserved land' designated in 1964 had been successfully acquired. In other words, most of them would be exempted from the regulation.

This crisis forced the central government to revise the Urban Planing Act in 1973 and the Statute for Equalisation of Urban Land Ownership in 1977. New regulations enabled the local government to extend the original acquisition period to fifteen years. Several incentives, relating to land use and taxation on this 'reserved land', were introduced. The compensation price (OMV) was also adjusted in accordance with the inflation of market value. Nevertheless, the main hurdle seems not to have been removed. Because of the remarkable increase in property prices, the local government was now required to pay a

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[52] Landlords of the 'reserved land' often appealed to the parliament to change the designation. They also took radical actions, such as hunger strikes, trying to make the authority overturn its decision. The involvement of armed police in solving the confrontation between landlords and the local planning authority was not unheard (Chang, L., 1987, pp. 16-24).

price 21.6 times higher than the 1973 price to acquire a land parcel. It was almost impossible to do so without financial support from the central government which was still lacking. Thus, while the deadline of acquisition again arrived at the end of 1987, only 45 per cent of the 'reserved land' had been acquired (Chang, J., 1991, p.171).

The central government, instead of providing funds for the purchase of land, decided to revise the Urban Planning Act and postpone the deadline again. This decision was strongly criticised by the public for its implicit attempt to 'duck the issue and smooth things over'. The government's failure of purchasing the 'reserved land' was viewed as 'the biggest scandal in planning history' and 'a sign of the entire collapse of the planning system' (Legislative Yuan Bulletin, 1987, pp. 2-3). This problem evolved into a political crisis in 1988. However, the 'reserved land' remained an issue unsolved for more than twenty years. Many development projects proposed by the Detailed Plans were post-poned because of the lack of land. The local government could hardly take any initiative in urban renewal especially in the old central area where most land parcels involved a great number of landlords. Landlords whose land had been designated as the 'reserved land' and the public who had already suffered from the lack of public facilities, both completely lost their trust in government.

It can be argued that the lack of autonomy and adequate financial support were the main reasons which paralysed the local planning authority. Taiwan's political system was formed by three levels of governments: central government, provincial government and local government. Although the Procedure of Local Government Autonomy enacted in 1950 declared that the local government and the local assembly were to be elected by the public, it did not give power to the local government to decide financial budgets, public spending or even administrative organisation. The central government controlled the main sources of finance and played a decisive role in the policy-making process. Taipei, as the capital of Taiwan, was effectively placed under the direct administrative and supervision of the central government. The publicly-elected local government appeared to have very small part to play, as can be seen by their budget and spending powers.

The budget of Taipei was estimated at NT$ 61.5 billion in 1990. These funds were derived from 13 different kinds of sources.[53] Tax revenues, especially business tax and

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[53] They included tax revenues (71.14 per cent), government bonds (8.67 per cent) and surplus (6.6 per cent), etc. (Information Department, Taipei Municipal Government, 1988, p,11).

land/property tax, appear to have been the most important ones.[54] They made up 35 per cent and 26 per cent respectively of the total funds of the local government (Information Department, Taipei Municipal Government, 1988, p.22). The tax revenues generated by business tax and land/property tax, however, were very limited.[55] This was because first, tax exemption was used as an incentive to encourage the development of businesses. Firms covered by the Investment Incentive Ordinance (1961) were to enjoy a three-year freedom from business tax and certain other fiscal concessions. As a consequence, from 1961 to 1987, the local government had lost NT$ 3,648 billion or 10 per cent of total tax revenue generated from the business sector (Annual Report, Ministry of Finance, 1987).

Second, as mentioned in the previous section, land tax was levied against the standard values promulgated by the local government. These standard values derived mainly from landlords' self-declaration. Tax evasion through false reporting turned out to be a secret that everybody knew. Furthermore, these standard values were supposed to be reviewed and approved by the local appraisal councils which had members representing the local assemblies. They tended to reduce the tax-rate by repressing the standard values. Also, these standard values could only be updated three years after the previous review and only if there was been a more than 50 per cent change in values. Hence, the standard values were far from realistic, especially when land prices were going up rapidly. Lastly, the 'officially announced market value' (OMV), was not only applied for tax purposes but also used to purchase land. For its short-term interests, the local government itself wanted to keep the compensation price at a lower level. The land increment tax thus could not really be based on the grounds of the profit that landlords gained from transactions. The effective taxation rate was lower than 25 per cent (Chang, J., 1991, p. 126).

The central government, as mentioned before, considered urban development as a secondary issue. The SEULO indicated that land value increment tax should be used for

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[54] The share of tax revenues was a result of an agreement between the central and the local governments. Although the share changed over time, generally the central government controlled the major tax revenues, such as income tax. The local government were empowered to levy several kinds of taxes such as business tax, land/property tax etc. The tax revenues levied by the local government of Taipei included business tax (53.1 per cent), land value increment tax (24.3 per cent), land tax (6.9 per cent) and housing tax (6.7 per cent) (Information Department, Taipei Municipal Government, 1988, p,11).

[55] In average, business tax accounted for 18 per cent of the total tax revenue. Land tax revenue and land value increment tax revenues only represented 5 per cent and 7 percent respectively (Chang, J., 1991, pp 125, 137).

social and public purposes, but there was no guarantee that city plans would be placed in the top priority. The Urban Planning Act declared that major financial sources of urban planning were funds provided by the central government, private investment, and the revenue generated from the transformation of public land. It did not require the local government to allocate their public spending to urban planning (Section 23-28, Urban Planning Act). Hence, if the central government tightened its purse-strings, the local governments could hardly finance development projects by themselves. Accordingly, the local planning authorities became poorly-motivated administrations and in most of the cases, they were unwilling to take the lead.

4.8. Conclusion

The state intervention in the production of space has played different kinds of economic function in the two countries. Construction investment in Singapore has been integrated into the state's development strategies and has acted as a productive force for the national economy. The state-managed building investment has been a driving force for domestic capital investment and a counter-cyclical device to control economic deviation. The state has effectively initiated building investment at the critical time through public housing construction and the land-sale scheme. Through building investment, a large amount of public savings has been transferred into capital formation for the whole economy. The expansion of the construction industry has not only contributed to productivity but also has helped to regulate the labour market by generating employment. Through providing necessary infrastructure for industrial, office and commercial activities and supplying high standard housing, social and educational services for human capital, the state has helped to reduce producers' costs of production and social reproduction. The state also has been able to maintain the inflation rate and the price mechanism of the housing market through controlling the money circulation in the property-based banking system.

Construction investment in Taiwan, on the contrary, has been lesser influential in leading the dynamics of capital investment and has assumed a lesser importance in the state's development strategies. Building investment has been mainly initiated by the private sector and assisted by the state's mortgage programme and squatter control. The

market-operated building investment has been an alternative way of making profit for those local enterprises which originally engaged in manufacturing production. Through the operation of enterprise-owned investment companies, a large amount of accumulated private savings has been transferred into building investment. The speculative demand, often triggered by latent inflation and the operation of property development companies, has constantly threatened the price mechanism of the housing market. The state has intervened in the property market when property prices rose and caused economic and social deviations. The state regulation has tackled price inflation by imposing restrictions on mortgage credit to developers. This policy was only effective in the early stage as most development companies heavily relied on public subsidy and bank loans to finance their projects. The state has had a long history of combating property speculation but its policy measures have been inconsistent. Market forces, to a great extent, have been allowed free play.

The political and ideological functions of state intervention have been evident in both countries. In Singapore, public housing development and urban renewal have effectively demolished the previous pattern of spatial concentration of ethnic groups. Several social and cultural policies have been co-ordinated and implemented through public housing policies and community development schemes. Together they have helped to accelerate social integration among ethnic groups, and have assisted political and social control over the population living in the public estates. In Taiwan, the construction of low-income housing has been a showcase of the state's welfare policy, but has offered little assistance to the low-income households in its practice. The state has built public estates for state officials and military dependants by which social integration among mainlanders has been enhanced. The spatial segregation between mainlanders and Taiwanese through the spatial arrangement of these public estates has also made it possible for social and political control over the mainlander population to be easily achieved. Yet the recent demand for national consolidation has forced the state to break spatial segregation by developing mixed public estates.

The different forms of state intervention in Singapore and Taiwan have produced different urban planning regimes. Urban planning in Singapore has been a means for the state to exercise control over construction investment. The administrative and legislative framework established by the colonial government has enabled the planning authority to

control land rent and to monopolise land ownership. The later reform carried out by the Singapore government has reinforced the existing regulations and has created a more centralised planning machinery. The planning authority has been given absolute power to compulsorily purchase land and properties for planning objectives. The authority has also established a public-private partnership in urban redevelopment. While the public sector is mainly responsible for housing and infrastructure development through direct investment, the private sector takes part in office and commercial development through the land sale scheme. The absence of a landlord class at the very beginning, and the bias against the domestic bourgeoisie in the state's economic planning, have given the state stronger autonomy from internal social forces; thereby the formulation of urban plans has been simply an effort by the planning authorities, conducted strictly within the confines of the state. The planning regime thus has been characterised by rigid regulations, powerful authority and efficient plans.

Urban planning in Taiwan seems to have been a reflection of the contingent nature of state involvement in urban development. Urban planning in many cities was obstructed for two decades by road construction and squatter clearance for national defence. The reform of the planning regime was firstly provoked by the demand for land at the early stage of industrial development. On the surface, the legislative and administrative framework has entitled the local government to formulate plans and to acquire land for development purposes. Because of the lack of autonomy and financial resources, several important planning devices such as land re-plotting and compulsory acquisition, can not be put into practice. The majority of urban land has been under private ownership with the owners holding the exclusive property right. The local planning authority cannot initiate plans easily because of the increasing difficulty of acquiring land from private owners. The function of the local planning authority thus has been reduced to administration, offering assistance to infrastructure projects and opening sites for private development. Their plans have tended to reflect rather than promote change. The lack of a long-term version of urban development seems to be the inevitable outcome of a system that is reactive, incremental and limited by external constraints.

CHAPTER FIVE
RECLAIMING HISTORIC AREAS: NEW POLICY ORIENTATION TO URBAN REDEVELOPMENT

5.1 Introduction

The analysis developed in the previous chapters reveals that historically, the states of Singapore and Taiwan have many similarities in terms of their role in the development of the national economy and the ways they exercise their control over societies. Yet the political, social and cultural contexts in both countries are very unique, and the nature of building investment, urban policy and the planning regime also differ in many aspects. Together they set up the stage for our understanding of how the developmental state, market forces and internal politics can shape the planning process in different ways. This exercise has prepared the grounds for me to explain, rather than taking for granted, the very conditions that enable an alternative strategy for urban redevelopment to emerge.

In the forthcoming chapter, I analyse the new planning policy in the post-1980s era with regard to the transformation of historical urban centres in Singapore and Taipei. I first discuss the role of historic heritage in the nation-building process and the political, social and cultural motivations which gave rise to the conservation movement in the late 1970s. The main aim is to understand the origin, the nature and the influence of this movement, and the ways it was integrated into the policy for urban redevelopment in the mid-1980s in the context of a number of intertwined process. Another major line of this chapter is a detailed account of the formulation of a conservation-based redevelopment policy, with particular attention paid to different interests in the policy-making process. This is a necessary step to understand how and why the states of Singapore and Taiwan responded in different ways to the pressure brought by conflicting interests in the transformation of historic areas.

Singapore
5.2 Forgetting and Remembering: The Invention of National Past

The history of Singapore could be traced back to the emergence of the Malacca Sultanate - a vast trading empire created in the fifteenth century on the Malaya Peninsula. Following the development of trade activities by Arab and Chinese merchants, Singapore

became one of the chief trading centres in this region (Wong, L., 1978, p.51). The Malacca Sultanate collapsed at the end of the fifteenth century and most of its territory was first divided by several agrarian kingdoms and then colonised by the great sea powers - the Portuguese, the Spanish and the Dutch - who wanted to dominate the sea-route cross this region. Singapore, however, was not subject their control because the resigning Sultan of Malacca fled to the southern archipelago and established the Johore-Riau Sultanate. The British developed trade with China, India and Southeast Asia after the early nineteenth century. To build their trading posts on the long sea-route between China and India, the British began to extend their influence in Malacca. The British governor of Bencoolen, Stamford Raffles, negotiated an agreement with the Sultan of Johore-Riau in 1819 to establish a free port on Singapore. Following the Anglo-Dutch treaty signed in London in 1824 which exchanged the British possessions in Sumatra for Malacca on the Malay Peninsula, the Sultan of Johore-Riau decided to cede Singapore island to the British.

The ideological construction of the developmental state in Singapore has reflected itself in the interpretation of national history. The history of Singapore has been read as an evolutionary progress which began with the arrival of Stamford Raffles in 1819. As mentioned before, the state has adopted multi-racialism as its official ideology and has rejected the creation of a national identity on the basis of one particular culture. Therefore, the state has launched great efforts to break with the pre-colonial past, which could remind people of their 'homeland' or 'common ancestry'. For the government, to push people's historical awareness beyond 1819, or to make any historical connection with the Chinese or the Malay world, would plunge this island into 'the genocidal madness of racial, communal and religious imperialism which have devastated so many underdeveloped and even developed countries' (Speeches, Apr., 1984, p.5). Also, since the developmentalist ideology has provided the legitimisation to mobilise the populace effectively towards national goals, the government has been more than enthusiastic to demonstrate its ability to govern and to modernise the country. The legislative and administrative framework established by the colonial regime has been preserved to a great extent to constitute the base for the new bureaucracy to develop. By showing itself as a modernised and effective administration, the government has asserted its authority to command and control people, thus, comprehensive state planning for economic develop-

ment can probably be achieved more easily. Hence, for the government, to name Stamford Raffles as the founder of Singapore, has been 'a proper use of history' (Ibid., Apr., 1984, p.7). The denial of pre-colonial history has helped the state to balance different ethnic culture in society, and to create a modern image for the new bureaucracy. To all intents and purposes, it has enabled the state to claim its independent statehood (Preston, 1989, pp. 13-4).

During the survivalist mood throughout the 1960s and the 1970s, the government had its plans subject to all kinds of development priorities. Progress and modernisation were the major aspirations of society. The promotion of a historical awareness was only a low priority amidst other more pressing demands (Lau, S.,1992, p.50). 'The practical relevance of history was questioned', P.T. Ong, a former minister of the cabinet, recalled: 'Our education policy emphasised mathematics, science and technical subjects, which had direct benefit in terms of industrial needs. History was squeezed out of the curriculum because it had no immediate practical use at that stage'.[1] 'The message was very clear', Ong argued: 'One should examine the present, think of the future, and forget the past' (Speeches, 3, Sept. 1981).

Historical preservation was not a matter which assumed a paramount importance (cf. Lau, S., 1988; Lee, E., 1990). For the government:

> Every building in Singapore is a historical building. The only difference is between one year old and one hundred years old. They are all historical buildings. A good modern building is just as precious as an old building. Why do we have to make those which are more than sixty or eighty years old so different from those are one or two years old? Why should we apply different standards? We have to get rid of this hang-up.
>
> (Informant, S.1)

The statutory board of historic preservation - the Preservation of Monuments Board (PMB) - was established by the government and began to function in 1972.[2] Because the government was apt to dismiss Singapore's pre-1819 past as of 'antiquarian interest only' (Lau, S., 1992, p.55; Preston, 1989, pp. 13-4), the PMB limited its main interest in

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[1] History became non-examinable at the primary schools after 1968, and was dropped completely from the leaving examinations of the secondary schools after 1972 (Lau, S., 1992, p.51)

[2] The PMB was established in 1971 with four objectives: 1) to preserve for the benefit of the nation, monuments of historic, traditional, archaeological or artistic interest; 2) to protect and augment the amenities of those monuments; 3) to stimulate public interest and support in the preservation of those monuments; and 4) to take appropriate measures to preserve all records, documents and data relating to those monuments (Section 5, Preservation of Monuments Act, 1985).

small number of single buildings, mainly religious buildings and government estates which were built after the nineteenth century. It also did not concern itself with vernacular buildings in the old core of the city, for the reason that preservation might obstruct the development interests of these valuable sites (cf. Lee, E., 1990; Samuel, 1991). Since the PMB had such a narrow range of concerns, historic buildings were neglected, then destroyed during the development process. In their place rose many modern skyscrapers that contributed to Singapore's appearance as an international city and as a regional centre for commerce and industry.

The second half of the 1970s witnessed an increasing interest in historic and cultural heritage in the public domain. The Oral History Unit was established by the government in 1979, and then merged with the National Archives and Record Centre (established in 1968) to form a national authority - the Archives and Oral History Department. Writings on Singapore's national past and cultural tradition were encouraged by the government and numerous books were published subsequently.[3] The emphasis on history seems to have taken place amid a mood of cultural despair. As discussed before, a bilingual language policy had been introduced since the late 1960s to create a common language for communication among citizens. The Chinese-educated intellectuals protested against this policy which caused the disappearance of the Chinese heritage. The state elite also viewed some Western values attached to English as the main causes of several perceived 'moral crises' in society. Hence, a soul-searching process, comprising education reforms and national campaigns, was initiated by the government in order to diffuse the discontent of the Chinese-educated population and to prevent the younger generation from being over-exposed to the so-called 'negative foreign influence'. It was against this background that historical and cultural heritage began to gain some importance.

The early 1980s was an era in which historic and cultural subjects entered into the lexicon of political discourse in a vigorous and sustained manner (Woon, K., 1994, pp. 19-21). The reason was, according to the editor of the national newspaper: 'It is easy to forget the past, amidst the affluence, the high standard of living and modernisation which Singaporeans have had'. Therefore, 'more Singaporeans are feeling nostalgic' (Straits Times, 2, May, 1984). It seems that not just nostalgia alone prompted the government's

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[3] See Moore, 1975; Turnbull, 1977; Barber, 1978; George, 1985.

interest in the invention of national past. As mentioned previously, the ideology of 'struggle for survival' was addressed by the state during the earlier post-independence decades and provided the legitimisation for the political leadership to mobilise the population towards development objectives. The potency of this ideology seems to have been diminished to a great extent following the subsequent changes in the economy and politics. The pace and the scope of these changes became to worry the state elite. For them, the traditional ideas of morality duty had given way to 'a more individualistic and self-centred outlook on life'. The pursuit of individual liberty would 'damage economic prosperity and political stability in the long run' (Goh, C, 1991, p.56). The loss of seats in general elections in particular, came as a shock to a party which had enjoyed total domination for decades. The government introduced several measures and launched a series of national campaigns to grapple with the latent political crisis. The domestic bourgeoisie and the middle class were integrated into consultative politics. Traditional values of trust, strong leadership and social harmony were also addressed to meet the demand for moral regulation.

The new basis of legitimisation seems to have been found in the sphere of culture and history (Woon, K., 1994, p.25). For President Lee Kuan-Yew and other members of the political elite, history by then turned to be a matter that could 'make people understand the present and anticipate the future' (Speeches, 8, Feb., 1980). In Lee's words:

> An awareness of the national past will provide Singaporeans the sense of belonging, enable them to weather difficult times. It can help the young generation to understand how we get here, so that when they face new problems, they will have some thinking of how our people responded in the past. In any crisis, it is how people respond that decides whether they can overcome their difficulties.
>
> (Singapore Parliamentary Debates, 25, Mar., 1982, p.1203)

The speeches and writings of political leaders touched this issue sporadically throughout the early 1980s. 'An understanding of the past is essential to understanding the present process of nation building' (Speeches, 21, Jul., 1983); the Second Deputy Prime Minister at that time, S. Rajaratnam, developed Lee's theme further:

> A nation must have a memory to give it a sense of cohesion, continuity and identity. The longer the past, the greater the awareness of a nation's identity.....A sense of a common history is what provides the links to hold together a people who came from the four corners of the earth.....We must preserve the transplanted cultures which have taken root in Singapore. The Singapore identity is now definitely taking shape. We require these transplanted cultures to reinforce a Singapore identity which has come into being.
>
> (Speeches, 28, Apr., 1984)

The messages from the top leadership were sent across the country through the mass media and official campaigns. The Archives and Oral History Department organised a series of building and picture exhibitions, including one named 'The Development of Singapore Community' in 1983, and another one named 'Singapore 1819 to 1980: Road to Nationhood' in 1984. Numerous articles and letters about the preservation of historical and cultural heritage were published in the predominant national press - the Straits Times. The National Television presented a series of programmes produced by the Curriculum Development Institute in 1983 in the name of 'Making of a Nation'. These TV programmes were documentaries of the historic development of the ethnic communities in the central city such as Chinatown, Little India, and Kampong Glam. These ethnic districts, with a large concentration of shophouses, were a legacy of the city's original arrangement as a conglomeration of separate enclaves for its various ethnic groups. For centuries, they served as the hubs for ethnic groups and provided them with sources for their cultural identities (Wei, M. 1993, p.35). The need to conserve shophouses in the ethnic districts also began to be recognised by the state elite. One of the chief officers in the URA recalled how he was beginning to be aware that 'Singapore might be losing a large part of its heritage and this would be an unforgivable mistake for the nation':

> The future generation needs to learn things from the past. Historical heritage is another form of evidence of the past. We always talk about our own identity. If a city does not have its own identity and uniqueness, the people living in it will not gain a vicarious identity from it....The time has come for Singapore to take hold of its destiny and secure its past. We need to conserve those buildings that are essential to the history and culture of our city.
>
> (Informant, S.1)

However, the government realised that history is not only about the past, it is about a sense of unity. The emphasis on history was not only to make sure that Singaporeans would have a sense of the past, but also to incorporate the relevant part of a varied cultural heritage, and the attitudes and values which were associated with the legacies of the past. The government's interest in inventing national past was basically motivated by the enthusiasm for engendering a collective sentiment, by which the internal cohesion of society could be enhanced. The emphasis on national past can be seen as an effort to reinvent national myths and national identities, and hopefully, national loyalties (Informant, S.6).

5.3 Reclaiming the Historical Built Environment: The Hidden Agenda of the Capitalist Developmental State

Historical preservation had been frequently mentioned by the government during its traditionalist mood after the late 1970s. Interestingly, instead of reinforcing or developing the existing function of the PMB, the task of conservation was taken over by the URA, which was considered to be one of the most powerful public authorities in guiding Singapore's urban development. The functional division of the two national authorities suggests that the government made a clear distinction between preservation and conservation from the very beginning. For the government, preservation referred to the strict retention of national monuments (mainly institutional and religious buildings) in their originally architectural form. Namely, the original construction method, architectural details and use of materials were protected by stringent regulations. Conservation, by contrast, adopted a more flexible approach and was applied primarily to vernacular buildings such as bungalows and shophouses. This meant that selective alteration and redevelopment, particularly of the interior of these buildings, as well as enhancement and restoration works using new materials and contemporary construction, were permitted. The main aim was to allow adaptive changes to these buildings to accommodate new uses more relevant to present times (Liu, 1990, pp. 4-5).

The URA conducted several surveys on the prospect of shophouse renovation in Chinatown in conjunction with the government's Speak Mandarin Campaign in the late 1970s. Two small-scale conservation projects involving 14 shophouses in Murray Street and 17 shophouses in Cuppage Terrace were subsequently undertaken by the authority (URA Annual Report, 1976/77; 1978/79). Although the URA began to speak of its enthusiasm about the preservation of vernacular buildings, its concept was still vague and its policy was no more than a statement. By the end of the 1970s, apart from the above mentioned two conservation projects, the authority appears to have lacked motivation to move forward. For the authority:

> Conservation or rehabilitation can not be widely applied in our context because Singapore does not possess as many architectural monuments of international importance as many European countries. Therefore, only few buildings worthy of preservation. Also, land is very valuable in Singapore. Our redevelopment policy means no less than the gradual demolition of virtually the whole 1,500 acres land in the Central Area, replacing it with an integrated modern structure which could fulfil Singapore's future role as the New York of Malaya.
>
> (Informant S.1)

For the time being, some architects and planning professionals grasped at this chance to demonstrate their vision of urban environment. An architect, Paul Tsakok, submitted his plan to renovate a shophouse in Emerald Hill - an area of 9.5 hectares consisting of 184 residential shophouses. As most of the shophouses would be eventually acquired by the URA for redevelopment, it took the authority eighteen months to approve his plan. Tsakok's plan was completed in 1978 and pioneered shophouse conservation in Singapore. His effort encouraged many individuals who came from a similar background. A group of architects and planners, led by William Lim and Tay Kheng Soon, spoke of their frustrations and anxieties about urban development in Singapore, which was pursued at the expense of a large part of the cultural and historical heritage. 'Most Singaporeans were caught up in the race for material improvement, and had little time to think of anything else. History stood completely outside of their context', Lim argued,

> There is more to life than just material development. We have to ask ourselves: Who are we? Where do we come from? What does it mean to be a Singaporean? Could we talk about ourselves beyond the language of pragmatism and utilitarianism? How to make a deeper sense of our changing physical environment and how do we relate to our precious natural and historical heritage?
>
> (Informant, S.7)

Lim and his colleagues began to circulate their ideas of urban conservation through various working papers, workshops and seminars organised by the Singapore Institute of Architects (SIA), the Singapore Institute of Planners (SIP) and the Singapore Planning and Urban Research Group (SPUR).[4]

Their provocation forced the URA to deliberate upon the future of shophouses in Emerald Hill. This area was designated as a conservation area by the URA in 1981. A total number of 184 residential shophouses in this area were expected to be renovated by their private owners. The authority invested in infrastructure in order to enhance the quality of Emerhald Hill as a residential locality, including converting one section of the Emerald Hill Road into a landscaped pedestrian mall with restricted vehicle access; replacing the tarmac road with pre-cast concrete paving blocks; opening the back lanes and installing furniture such as play equipment, seats, lighting and flower beds in the street etc. Private owners who wanted to carry out external renovation would have to

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[4] In 1981, the SIP held a forum on 'Singapore Shophouses' dedicated to discussing issues on urban conservation, Subsequently, an entire issue of the SIP journal entitled 'Conservation of the Building Environment' was published

comply with the guidelines laid down by the authority. Generally, the alterations to, or refurbishment of, the original facades were strictly controlled. Public investment in Emerald Hill triggered shophouse renovation by private owners and offered the earliest example of area conservation in Singapore.

Urban conservation at this stage, however, seems to have remained as private efforts. The Urban Redevelopment Authority did not seriously consider conservation as an alternative for urban redevelopment. Practical methods of conservation were not fully developed and the economic viability of conservation was still in dispute. The release of the Emerald Hill plan provoked the anxiety of property developers and residents in shophouse areas. The Singapore Association of Real Estate Developers first spoke of their negative prospect of urban conservation. From their point of view, land scarcity in a small city like Singapore made maximum utilisation of precious land even more crucial. Therefore, having a modern high-rise office building was more profitable than a two-floor shophouse. Local people who lived in the ethnic districts such as Chinatown, Little India or Campong Glam also had serious doubts about the poor safety and hygiene elements of the ageing shophouses and preferred a comprehensive redevelopment (Informant, S.4).

Most importantly, at this stage, the government had other priorities. The previous discussion shows that the government had adapted a growth-through-investment strategy since the late 1970s, aiming to enhance the national economy. Property development was initiated by the public sector through direct construction and the land sale scheme. To support this policy, vast amounts of land had to be made available. Hence, whether to release valuable land in the Central Area from high-density development and gave them away to conservation was highly debatable:

> Although it is time for us to talk about the preservation of historical shophouses, we have to think very carefully when it comes to the actual practice..... We are not so sure about whether our valuable land should be released to conservation rather than for development purposes. Land in the Central Area should be made available for supporting office and commercial development, which is crucial for our national economy..... As a responsible government, we prefer not to take any policy move unless we can be sure that shophouse restoration is a feasible idea.
>
> (Informant, S.1)

Meanwhile, architects and planning professionals who had already been involved in urban conservation since the late 1970s, came up with further ideas. Lim and his fellow architects completed a proposal in 1982 for the conservation of Boat Quay, a riverside

area at the heart of the CBD with eighty-five shophouses standing in front of the Singapore River. To convince property owners that urban conservation could be practical, the economic viability of shophouse renovation was also seriously taken into account in their plan. They formulated several conservation-based redevelopment strategies which aimed to create a combination of architectural style, traditional activities and modern facilities in the shophouse area. By doing so, the shophouse area would create an immense attraction with genuine local flavour and 'conservation could be viable even without any government subsidy' (Informant, S.7). Their concepts appealed to some property developers who were more optimistic about conservation. In conjunction with its 200th anniversary celebration in 1983, the giant real estate consultant company - Jones Lang Wootton - organised an exhibition at the Raffles Hotel entitled 'Our Heritage is Worth Preserving'. Booklets of the same title documenting historical buildings in Singapore were subsequently published and circulated in the business community.

However, the URA decided to work in collaboration with these active individuals instead of allowing them to mobilise more participants or develop more radical ideas. The URA and the SIP together organised an international competition named 'Ideas for Conservation' in 1983. The main purpose was to search for a consensus in resolving the so-called 'conservation dilemma' or 'conservation-redevelopment conflict', namely, to find out whether there could be a solution for the seemingly irreconcilable interests between historical preservation and comprehensive redevelopment (Kong and Yeoh, 1994, p.248). Applying the modest concept of 'adaptive re-use', the URA directly involved itself in a conservation project in 1984 which renovated several shophouses at the junction of Emerald Hill Road and Orchard Road, known as Peranakan Place. The facades of these shophouses were preserved but the internal space was reconstructed to accommodate new commercial uses, such as cafes, showhouse and restaurants. The scale of this project was very small. Hence, it seems that area conservation was still not on the agenda.

The mid-1980s appears to have been a watershed for urban redevelopment policy in Singapore. The indecent haste to obliterate historical buildings was realised by the top leadership, and the reclaim of lost heritage 'assumed an urgency that was neurotic' (Warren, 1986, p.326). A speech delivered by S. Rajaratnam - the Second Deputy Prime Minister - at a seminar on 'Adaptive Re-use: Integrating Traditional Areas into the

Modern Urban Fabric' in 1985,[5] spoke of his concern of the mindless demolition of old buildings without any regard for preserving:

> It is the mixture of Asian culture and European influence represented by historic buildings that makes Singapore an interesting place to invest and to live...I hope our planners will not try to falsify history by eliminating all reminders of our past... We want to save what is worthwhile from the past. This should not only include prominent buildings that are of national historical significance, but also smaller buildings of less importance that have a role to play on a different scale.
>
> (Speeches, 28, Apr., 1984)

There seem to have been some well-established economic motives behind the reclaim of historical built environment. For the government, the economic recession in 1985 was a cataclysmic crisis since it seriously tested the government's ability to maintain economic growth. To diversify the economy, the out-looking development policy in the past was reformulated, aiming to build a strong base for service-sector growth and to constitute a favourable environment for domestic enterprises. The expansion of small- and medium-sized local enterprises in the advanced-service sector and the development of local entrepreneurship assumed greater importance on the official agenda. At the same time, a corporatist framework, comprising company welfarism and a team-work model, was introduced in the workplace to improve productivity and to enhance industrial relations. The corporatist and paternalist relationship between employers and employees, and the traditional work ethnic and group solidarity both had their roots in the operation of traditional trade business:

> Local businesses are the very foundation of our national development. Their importance in our history should not be undermined. They will also play a greater role in the future, particularly in our development of advanced-services for international co-operation..... Shophouse is the best evidence of local business spirit and working attitude - both are very critical for Singapore's achievement..... To overcome our current difficulties, we need innovation, hard work and self-reliance. All these have their cultural roots in our traditional business. They need to be re-addressed and enhanced.
>
> (Informant S.9)

For the government, the role of the city as a financial and command centre for international co-operation also needed to be enhanced. The 'global city' agenda indicated new directions for the redevelopment of the Central Area. To perform global functions, the infrastructure, services and images of the Central Area would be upgraded. The aesthetic

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[5]Singapore Co-ordinating Committee together with the Aga-Khan Program for Islamic Architecture at Harvard and MIT organised a seminar on 'Adaptive Re-use of Buildings' in 1984. Participants in this seminar included both members from the URA as well as the private sector.

aspect of the physical environment was receiving serious concern, and high rise, high-density development was no longer seen as a sole solution for the redevelopment of the Central Area (URA, Annual Report 1984/85, pp. 8-9). The URA, for the first time condemned the modernist type of spatial development in the past, for its 'destroying Singapore of a large part of its precious heritage' and 'making it impossible to tell the difference between Singapore and Chicago, Toronto or New York'. For them:

> An attractive image is essential for a city to acquire a global status. Marina Bay is recognised as a key urban design asset of our city. The new city will evolve around this man-made basin. New buildings will be arranged to take advantage of the view, while at the same time, to visually define the bay area and create new skylines..... Historical areas that form the older fabric of the city will be preserved and renovated to create a setting which is in stark contrast to the bay area. What will emerge is an unique, distinct Asian city of the 21st century.
>
> (Informant S.1)

Most importantly, for the time being, there was an urgent need to regulate property development as a result of the over-accumulation crisis in building investment. The earlier discussion suggests that the over-expansion of public housing development and the land sale scheme in the early 1980s caused an excessive supply of floor space. Building investment could no longer be sustained as the market needed more time to absorb the accumulated floor space, The fall in building investment had a devastating effect on the construction industry and the labour market. The property-based banking system was at stake following the collapse of property prices. The over-accumulation in the property sector contributed to the economic crisis in 1985. Therefore, construction investment as a development strategy needed to be modified. Public housing development and the land sale scheme were stopped in order to revive the property market. The government began to find a new niche in building maintenance and renovation. A better management system for the supply and the demand of land was also developed.

> Singapore will not suffer the shortage of land for development purposes. For the time being, the abundant floor space in the market need be absorbed. It could take a long period. We do not have to build as much as before. So, there is no worry about land supply.... The Golden Shoe Area will extend into Marina South for the two areas to jointly function as the new downtown of our city. The reclaimed land would meet the needs of the economy for at least fifty years. Therefore, it is time to think about preserving our historical heritage.
>
> (Informant S.1)

There were also several pre-conditions in urban development and the property market enabling a new redevelopment strategy to take shape. As discussed before, the earlier success of slum clearance in the Central Area relied on the construction of public housing in the fringe areas. The later new town development accelerated the out-movement of

population from the Central Area to the periphery, so that redevelopment in the urban core could take place. Hence, after two decades of housing development and urban renewal led by the government, the Central Area already experienced a serious decline in population. The demand for residential land had been effectively reduced. The over-supply situation in the mid-1980s caused a fall in the occupancy rate and property prices. Office and commercial space generated in the Central Area was mostly affected. The decentralisation of office development began as a response to the different locational interests and affordability of firms and to the declining market in the Central Area. The development of new towns and the MRT system accelerated the decentralisation of office development, led by the public sector. This policy effectively reduced the demand of land for property development in the Central area. It is against all these backgrounds that a conservation-based redevelopment strategy became a practical proposition. Hence, in the mid-1980s, the issue of 'whether to conserve' progressed to the issue of 'how to develop a conservation-based redevelopment policy' (URA Annual Report, 1984/85, pp. 3). Here began a new story of urban redevelopment in the city of Singapore.

5.4 The Formulation of a Conservation-Based Redevelopment Policy in Singapore: Taking Control over Cultural Resource

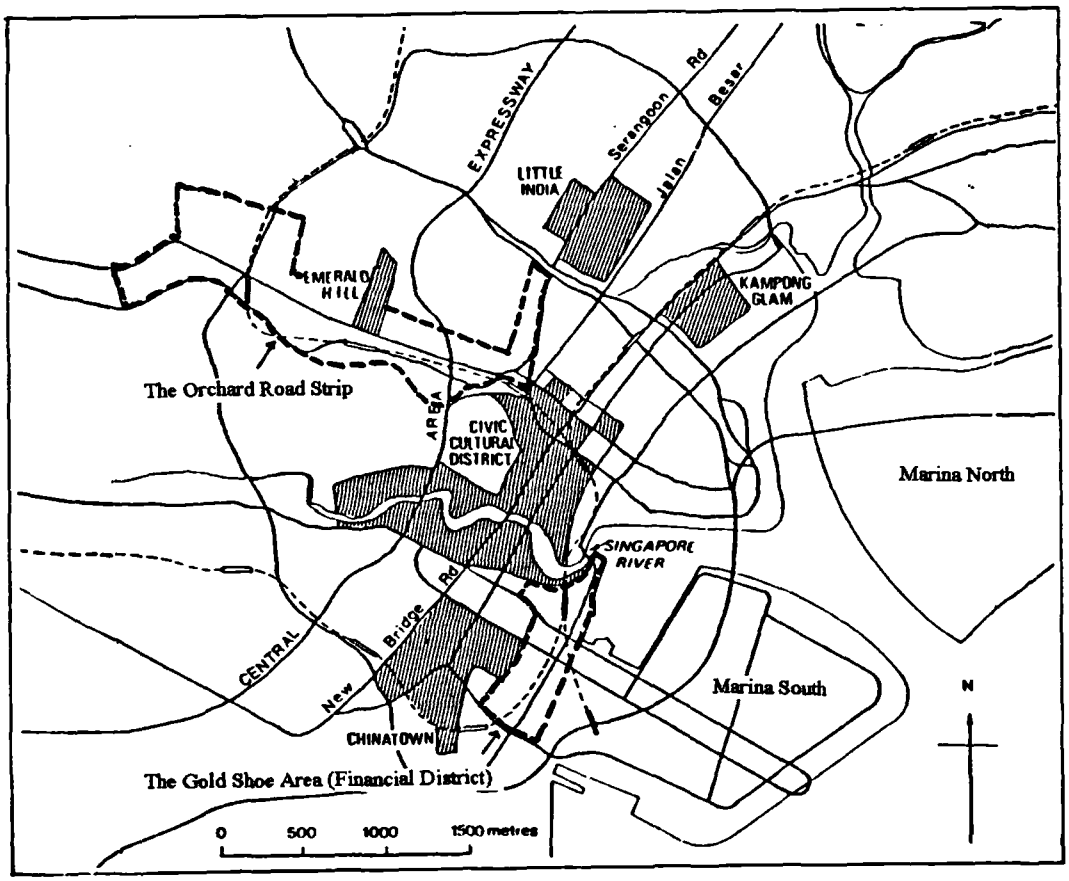
5.4.1 A Technocrats-Led Policy Decision-Making Process

The URA unveiled a dual-track policy for the future city in its tenth anniversary theme named 'Towards A Better City' in 1985. Urban redevelopment policy embraced both new development and conservation aiming to ensure the city reflect a distinctive identity and an international status. In the same year, the URA also revised the Structural Plan for the Central Area to adopt this new policy orientation. The Singapore River Plan was completed embracing an action plan to revitalise three distinctive zones along the Singapore River, including Boat Quay, Clark Quay and Robertson Quay. Shophouses and warehouses lining the river-sides in Boat Quay were firstly designated for conservation. At the end of this year, the URA decided to draft a separate Master Plan for area conservation. The Conservation Master Plan was released by the authority after an official exhibition entitled 'Conserving Our Remarkable Past'. It targeted shophouses in Chinatown, Kampong Glam, Little India, Singapore River, the Civil and Cultural District

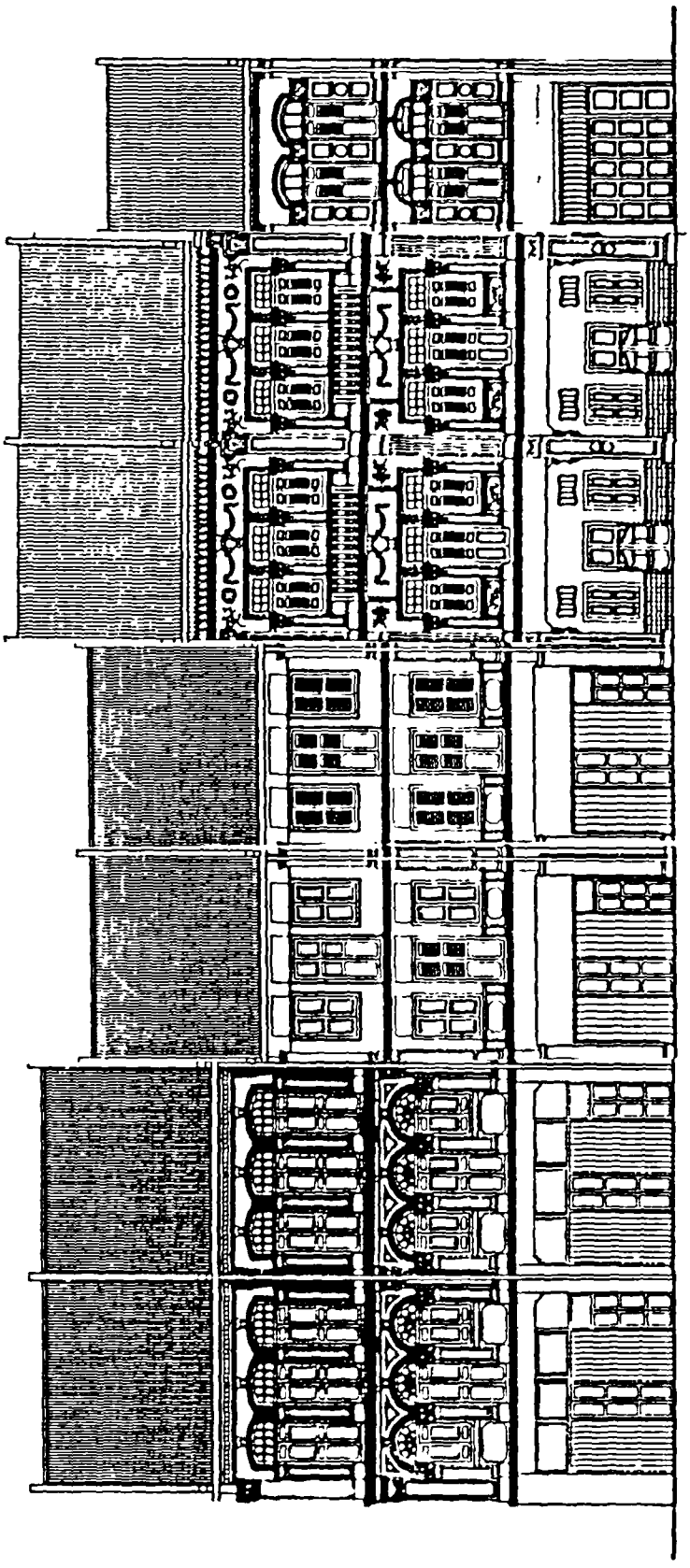
and Emerald Hill (Map 5.4.1~2).

Following on the release of the Conservation Master Plan, preliminary design studies for the preservation of Chinatown, Little India and Kampong Glam also started. Three hundred shophouses in Tanjong Pagar, a sub-area of Chinatown, were firstly designated in 1986. The URA indulged itself in a pilot project involving the restoration of a block of 32 shophouses. After this practice, a seminar on the techniques of conservation was jointly held by the URA and the SIP in 1988 to produce technical guidelines for private owners and property developers who wanted to participate. Conservation manuals for Chinatown, Little India, Kampung Glam and Boat Quay were released subsequently in an official exhibition entitled 'Action Plans for Conservation' in the same year (URA Annual Report, 1988/89, p.2).

The URA replaced the PMB as the major conservation authority according to the Planning Act amended in 1989. Its main task included identifying buildings and areas of historical interest for conservation; preparing a conservation master plan; and guiding the implementation of conservation by the public and private sectors (Section 10, 13, 14, 15, Planning Act, 1990). Having obtained its legal status, the URA announced a revised Conservation Master Plan entitled 'A Future with a Past', which provided more comprehensive versions and technique for area conservation. Conservation areas were extended from the ethnic districts in the Central Area to the rest of the island. The Historical Districts was composed of Little India, Kampong Glam and Chinatown. A total of 2,600 buildings, mainly two and three-floor shophouses, were included. The Residential Neighbourhoods covered Emerald Hill, Cairnhill and Blair Plan with a total of 360 terrace houses built with ornate and decorative facade were selected for conservation. The Secondary Conservation Areas consisted of River Valley, Jalan Besar, Beach Road, Geylang and Joo Chiat, with a total of 1,900 buildings selected for conservation. A total of 340 shophouses in the Civil and Cultural District was not included for reason that the conservation plan in this area was given further attention in the form of a separate Master Plan (URA, 1989). Altogether there were a total of five thousand two hundred buildings designated for conservation. Thirty-two of them were designated as national monuments. The majority of these buildings were located in the central city. It was estimated that more than 100 hectares or six per cent of the total land area in the Central Area was used for conservation (URA, 1989).



Map 5.4.1. The Conservation Areas in the CA. Singapore



Map 5.4.2. Historical Shophouses, Singapore

According to the Conservation Master Plan, historic buildings would be designated and renovated in five stages according to their priorities.[6] Several strategies were formulated for the conservation practice. For instance, the authority initiated pilot projects on the state-owned land parcels in conservation areas and constructed infrastructure and facilities for improving the environment quality. It also established an administrative mechanism to help private owners to recover their rent-controlled properties and to resettle the evicted tenants to the public estates. The authority provided several technical guidelines to private owners who wanted to restore their buildings. Also, to facilitate the restoration process, the authority purchased historic buildings from their owners through the exercise of compulsory acquisition. These buildings were sold to property developers through the Sale of Sites Programme. All these strategies were crucial for the success of conservation and needed to be particularly addressed.

The URA largely invested in infrastructure to enhance the environmental quality and to encourage the private owners to rehabilitate their properties. The most difficult part is that the completion of infrastructure was also tied in with the completion of shophouse restoration by private developers. The common completion date was critical to the co-operative work involving several authorities and to the revitalisation of the area as a whole. Thus, in most of the cases, the URA also fixed a deadline to ensure that all developers would complete the restoration and their businesses would be operational at about the same time. The URA also indulged itself in the restoration of some state-owned properties in the conservation areas. The objectives were to demonstrate the government's commitment in conservation, to build up the expertise of rehabilitation within the public sector and to foster a sense of confidence amongst private owners, developers and professionals. Three pilot projects were completed during 1987-95 in Chinatown and Little India, with 95 shophouses restored at a total cost of S$ 13.3 million. The pilot project in Little India was carried out in co-operation with the national housing authority. The focus was placed on the method and technique employed in restoration, which can contribute to the development of the authority's expertise of

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[6] There five stages were: Phase (1A) - Historic District and significant areas. Phase (1B) - Bungalows in Good Class Bungalow Areas and their fringes. Phase (2A) - Additional Monuments for preservation in the Central Area. Phase (2B) - Additional Monuments for preservation in the rest of the island. Phase (3) - Secondary Development Areas. Phase (4) - Buildings of outstanding architectural and historical value in pockets in the rest of the island. Phase (5) - State-owned properties worthy of conservation.

housing rehabilitation. After restoration, the URA sold a total of 44 shophouses on a 99-year lease and gained S$ 32.4 million in return. The rest of restored shophouses were managed by its affiliate (URA, Annual Report, 1988/89; 1990/91)

Most shophouses were subjected to rent control which prohibited the repossession of tenanted properties by owners for demolition or redevelopment (Section, 7, 12, Control of Rent Ordinance). This was seen as the obstacle that stopped shophouse restoration from taking place. On the basis of the Controlled Premises (Special Provision) Act, which was released in 1969 to enable the owners in the so-called 'Development Area' to recover their properties for redevelopment, the URA made a revision in 1985 and applied it to the conservation areas (Khublall and Yuen, 1991, p.134). Owners who had concrete restoration plans for their tenanted rent-controlled premises in the conservation areas were first qualified. In 1987, a total of 38 tenanted shophouses in Tanjong Pagar were firstly exempted from the provision of the Control of Rent Act. By the end of the 1980s, a total of 1,800 tenanted shophouses in the conservation areas were exempted in phases. After the removal of rent control, it was estimated that about 2,500 elderly tenants in the conservation areas would be evicted without adequate alternative housing (Straits Times, 26, May, 1989). The URA thus unveiled its rules to resettle elderly citizens displaced from the conservation areas. Private owners of such premises must submit lists of elderly tenants to the Tenants Compensation Board, which was responsible for assessing the amount of compensation payable by landlords to evicted tenants. Generally, four-year rent, amounting to a fixed total sum of 2,400 dollars, should be paid in advance to each displaced elderly-tenant and most of them could be offered HDB flats (Khublall and Yeun, 1991, p.135).

Although the URA declared that conservation could be economically feasible, many owners were still reluctant to restore their premises by themselves (Straits Times, 6, Sept., 1991). Some still believed that selling their shophouses for redevelopment would bring more financial return. Others disagreed that shophouses were worth preserving because they were 'hovels in an indescribably decrepit state and entirely lacking in aesthetic value' (Ibid., 4, 28, Apr., 1990). To facilitate the restoration process, the authority used its most powerful planing device, compulsive acquisition, to buy up shophouses from those private owners who could not meet the official deadline. 'It is do or die time!', was the message sent from the authority to the owners of 177 shophouses

in Boat Quay who were unable to submit their restoration plans before the deadline (Straits Times, 28, May; 31, Aug., 1989).

> We have been trying to encourage the original owners to start restoration. In Boat Quay, where shophouses are still largely privately-owned, restoration has taken so many years and there is no certainty how it is going to turn out. On the contrary, in Tanjong Pagar, where the URA have acquired most of the shophouses then offered them for sale, restoration proceeds very quickly. It appears that with Boat Quay, we also have to acquire, otherwise the owners will not act.
>
> (Informant, S.1)

After acquiring these shophouses, the URA sold them to private investors on a 99-year lease through the Sale of Site Programme. Namely, vacant possessions were sold to the highest bidder in a competitive tender system which was subject to certain conditions but also offered appropriate concessions to achieve the desired planning objectives. To make sure the restoration of shophouses was progressing satisfactorily, the URA started to exercise its monitoring functions, including the regulation of project time and the control on flow of development capital, until the project was entirely completed (URA, Annual Report, 1988/89). During the period 1987-95, a total number of 559 shophouses were sold to private investors, including 378 units in Tanjong Pagar, 40 units in Kreta Ayer, 14 units in Telok Ayer, 71 units in Little India and 56 shophouses in places outside these ethnic districts such as Bencoolen Street, Seragoon Road. Amongst these shophouses, 41 units had been restored by the authority before being offered for sale (Skyline, 1991-1995). The Sale of Site programme was considered to be the most effective device through which the URA could involve property developers in the conservation practice.

> If it had been twenty years ago and we had a conservation project, I would be more worried. The degree of sophistication of developers and their willingness to engage in restoration were very different. Today we have seen a very different breed of developers. They have gained a lot of experience through their investments abroad. They know what kind of project can make money.
>
> It is economic ability that determines the future of shophouse conservation. The success of conservation is depending on the injection of public and private investment. If someone can pay more, run the place better and make it more viable, is anything wrong with that? I see nothing wrong, because it is done for everyone in Singapore.
>
> (Informant, S.1)

Shophouse restoration soon became a fast-growing sector in Singapore. According to the survey conducted by the Construction Industry Development Board, the annual growth rate of contracts awarded for restoration rose to 14 per cent in 1992. Approximately S$ 787 million, or 60 per cent of the total investment, was generated by the

private sector in conservation areas. The experience gained in shophouse restoration also contributed to the expertise of housing rehabilitation. The overall size of the restoration industry would further expand after being injected by public investment through the URA conservation plans and the HDB upgrading programmes (Straits Times, 15, Jul., 1992)

5.4.2 Whose Heritage to Conserve? Grassroots Interpretation of Historical Heritage

The URA was well equipped and had a large part to play in this transformation process. This appears to have been a reflection of a long-established paradigm in Singapore's planning regime. For the URA, the power to shape the city 'should be held in the hands of the government'. Thus, 'the government should play a major role in determining the success of conservation efforts' (Business Times, 29, 30, Aug., 1992).

> The URA, as a state organisation which has taken the leading role in urban development, should respond to the popular demand.....According to our conservation policy, the government is the one who must pay for restoring historical shophouses. For all Singaporeans, conservation is a completely new idea. No one would like to take the first move. Therefore, the government should set up a good example for people to follow. If the government is not willing to invest, how could you convince people that conservation is a right way to go?
>
> (Informant, S.8)

The URA established a comprehensive procedure to identify and choose historical buildings for conservation. Historical buildings were evaluated against a set of criteria to decide whether they qualified for conservation.[7] Conservation consultants from abroad were invited to assess the URA's conservation practices in comparison with overseas projects of this kind (Skylines, May/June, 1993, p.9). 'We have done our homework before we start', the URA argued:

> Before an area is proposed for conservation, an extensive and detailed study will be carried out. History and design of the targeted buildings are thoroughly researched, examined and documented. The existing building conditions are carefully assessed, with ownership established and building usage studied. Thus, only the best and worthy buildings will be selected for protection under our comprehensive way of identifying and evaluating process
>
> (URA, 1994, pp. 6-7).

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[7] The official assessment covered historical, social and cultural relevance, architectural merits, building conditions and contribution to the environment. In principle, buildings with significant architectural qualities were recommended for conservation. Buildings with historic significance of national importance or with exceptional architectural merits were recommended for preservation as national monuments (Chiang, L., 1994, p.6)

Once the decision has been made, the authority would organise a public exhibition in which practical publications would be sold to private owners, property developers and other interesting parties to 'keep people informed' and to 'increase their understanding and appreciation of conservation' (Skylines, May/June, 1993, pp. 8-9).

However, there was a substantial agreement among the public that public input in the decision-making process was insufficient. According to a survey conducted in three conservation areas (Chinatown, Kampong Glam and Little India) in 1991[8], the majority of respondents (73 per cent) agreed that the public had not been sufficiently consulted during the decision-making process. More than half of the respondents (57 per cent) felt the decision-making process should be open to the general public, while a small majority of the respondents (43.4 per cent) agreed that the state should be given power to decide what to conserve and how to conserve.[9] However, some messages revealed by the survey should not be ignored. Many respondents agreed that 'there were no effective channels for public views to be voiced', and 'when there was feedback, the state paid no heed'. They also felt that 'the URA was too draconian, taking over whatever properties they wanted to conserve, setting all the rules to ensure any attempt to make the slightest changes to one's own property had to be approved by the authority' (Kong and Yeoh, 1994, p.253).

Several articles appeared in newspapers and journals suggesting that public bodies and private organisations were also excluded from the decision-making process. Singapore Heritage Society, a civil organisation formed by architects and planning professionals who had been involved in urban conservation since the late 1970s, argued that their activities were always on low-profile because 'the URA simply did not want to give civil organisations a part to play' (Roots, May 1992, p.8). Other organisations such as the Singapore Tourist Promotion Board and the National Association of Travel Agents, also complained that they were not consulted in the decision-making process and did not know whether the conservation of historic areas should be associated with the

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[8] This survey was conducted in three conservation areas: Chinatown, Kampong Glam and Little India, by independent researchers Kong and Yeoh in 1991. The result was published in 1994. See Kong and Yeoh, 1994, pp. 247-65.

[9] Within this group, about 12 per cent felt that interest groups and professional bodies, such as Singapore Heritage Society or the Singapore Institute of Architects should exert greatest influence; and 8.0 per cent felt that property owners and residents of affected premises should have the right to participate. In an area where most premises are privately-owned, 38.3 per cent of the respondents argued that owners should have a free hand in deciding how conservation should be carried out.

development of Singapore's tourist industry. For these organisations, 'shophouse conservation was purely an URA effort' (Straits Times, 2, Mar., 1986).

The important issues here appear to be which area should be preserved, who makes these decisions, on what basis and in consultation with whom, and how would the authority react when there is a conflicting interest between itself and the public, or among different social groups. Two controversial cases - the demolition of Eu Court and the commercialisation of the Convent of the Holy Infant Jesus probably offered the best illustrations for the issue addressed. The former was related to people's attempts to secure a heritage which was defined from their everyday place; the latter was an effort made by citizens to save a heritage from a profit-orientated type of conservation.

Eu Court was built as a residential apartment block in the late 1920s and was located at the junction of Hill Street and Stamford Road. The URA started to evict tenants and acquire the building for redevelopment from 1984 for the reason that 'the owners could not get rid of the tenants and the site continued to be a slum in the centre that was being redeveloped (Ibid., 16, Mar., 1990). Due to the arrival of urban conservation, the redevelopment plan of Eu Court was abandoned. Eu Court was listed as a building needing to be conserved in 1987 according to the Master Plan for the Cultural and Civil District, and the whole building was expected to be rehabilitated.

At a time that the Conservation Master Plan just been released, the URA announced a proposal to resolve traffic congestion in Hill Street - an important corridor linking the city and the eastern part of Singapore. Following this proposal, Hill Street would be widened and the demolition of Eu Court seems to have been inevitable. This official decision was controversial because the need to preserve historic buildings in the city was by then a common consent amongst society. Several articles appeared on newspapers requested the URA not to just 'cry for conservation' and demanded 'more information from government on why Eu Court must go' (Straits Times, 20, Mar.; 20, 30, Apr.; 7, May, 1991). Tenants who lived in Eu Court spoke of their disappointment:

> I must say the authority really bent over backwards to make life easier for car drivers. We already have had a very good MRT system. Do we really need to widen Hill Street for car drivers?.....Eu was built by our founding fathers. It reflects a time in our past-of ordinary people striving and trying to survive. It is part of our heritage and once it's gone, there is no way to get it back. I am willing to trade multi-lane highways for some beauty to our city.
>
> (Ibid., 7, 20, May, 1991)

To protest against the official decision, these tenants worked in conjunction with the Singapore Heritage Society, and started a petition, gaining 10,000 signatures from people living in the surrounding area. The URA ignored public opinion and passed this problem to the higher-level authority. The Minister of National Development tried to smooth things over:

> Traffic congestion would adversely affect the efficiency and the cost of doing business in the Central Area and would ultimately reduce its competitive edge. For this reason, although considerable time and efforts have been spent in finding ways to conserve our historical buildings, it is not possible to conserve for conservation's sake.
>
> (Ibid., 7, May, 1991).

Despite the critical voice, the state still went ahead and proceeded with its original decisions. Eu Court was finally pulled down and the widening of the Hill Street section was completed in 1992 (Roots, May, 1992, p.8). It seems that the question of whether a place should be conserved or demolished was very much a question of who held the power to define spatial meanings. In this case, the state had the ability to shape landscape in terms of its own needs. Ordinary people did not have the power to 'define' places in the same way that the state did. This reflected, to a great extent, the nature of citizenship shaped by the underlying relationship between the state and society

Another controversial case was an attempt made by the public to save the Convent of the Holy Infant Jesus (CHIJ), as a historical site, from a profit-oriented type of conservation. The CHIJ is a religious and educational institution in a complex of buildings designed by a British architect between 1823 and 1841. These buildings had historical importance as they were apparently the only remaining cloistered convent buildings on this island. Among these buildings, Chapel and Caldwell House were designated as national monuments by the PMB in 1990. According to the URA's proposal, the CHIJ would be sold to property developers by tender and would be changed to commercial use. Former CHIJ staff and students spoke of their concerns of this proposal which would probably destroy the original character of the historical site. Instead, they put forth the case that the site should be used as a cultural base for art activities with some financial help from the government (Lee, H., 1991, pp. 3-4). Their appeal was supported by the La Salle College of arts, which at that time was looking for a place to extend its college facilities. The college tried to find sponsors to tender for the place on its behalf, with the aim of turning this place into a conservator of music instead of commercial development. As the PMB decided to preserve Chapel and Caldwell House as national

monuments, both buildings would only be used for chamber and choral concerts. The rest of the buildings on this site would be used as seminar rooms for academic activities. Their approach to this historic site was appreciated by the Singapore Heritage Society on the grounds that a musical conservatoire would provide a 'cultural and quiet type of activity which is compatible with the ambience of the place' (Straits Times, 20, May, 1990).

It seems that public opinion in general preferred to keep the entire premises from commercial purposes (Ibid. 23, 29, Mar.; 1, 7, 12, Apr., 1990). Their argument was based on the premise that the profit motive should not always be a prime consideration in the conservation of a historic site. The URA's stand, however, was that the profit motive was compatible with the conservation of the heritage:

> Who says there will be a conflict between economic and cultural interests? It is because some people cannot stretch their imagination beyond the present use. This is why we need planners, architects and developers who will stretch their imagination beyond 'ordinary people'. We have done our homework and made all calculations. We have made the best decisions for the country.
>
> Historical buildings should be renovated through rehabilitation and adaptive re-use rather than the conventional way of historical preservation which puts strong emphasis on the genuineness of the object and would give almost no room for change. The ambience of the CHIJ would be retained when re-adapting a conserved, beautiful building to new uses
>
> (Skylines, Jul./Aug., 1991, p.7).

The URA decided to award the site to a property developer, the LKH Consortium, which successfully bid for it at a price of S$ 26.8 million in 1991. At the authority's discretion, the LKH introduced a mixture of commercial, recreational and cultural activities into this site (Skylines, Mar./ Apr., 1991, p.15). As a result, the Chapel was kept for art performances; the Orphanage was turned into a jewellery centre; the Caldwell House was restored as 'one of Singapore's finest restaurants'; the Dormitory was used mainly for retailing purposes - with the ground floor accommodating two additional restaurants, and the upper floors being used as a reception and for private entertainment. For the authority, the full restoration of the CHIJ resulted in a revitalised living heritage that 'strikes a balance between viability and profitability without losing sensitivity for the fascinating history' (Ibid., Jan/Feb., 1993, pp. 4-5).

However, most of these efforts to inscribe grassroots interpretation of heritage failed as the decision-making process of urban conservation worked to the exclusion of public opinion. The state was given absolute power to decide whether to conserve and how to

conserve. There was a resistance emerging in civil society against this form of decision-making, but it was too weak to constitute a force of challenge. As a result, the state can choose to ignore contradictory opinions and proceed with its original decision. It was too much a reflection of every aspect of Singaporean life where the state was involved.

Taiwan
5.5 Rewriting the Narrative of National Past: History from Below

At one time in the early seventeenth century, Taiwan was first claimed by the Spanish, then by the Dutch. Although there existed a small number of Chinese settlers, this island did not have much connection with China until the late seventeenth century, when the Dutch were defeated by a local elite who considered himself a loyal subject of the Ming Dynasty of China. Chinese settlements expanded as a result of the development of tea, sugar and camphor trade. Taiwan was formally established as a prefecture to the Fujian Province by the Chin Dynasty. After defeating China in war in 1895, Japan demanded Taiwan as a colony. Taiwan remained under Japan's control until the end of the Second World War. After the takeover, the KMT strongly emphasised the historic and ideological construction of a Chinese nation in order to sustain its internal control. The state claimed that China is an united, common entity and Taiwan is part of it. Taiwan's history and culture were redefined in terms of its association with China. Heritage preservation played an essential role in the initial stage of this nation-building process. But, it clearly responded to the state's nationalist doctrine:

> Heritage preservation is related to a very fundamental question: when did our national history begin?....Historically, Taiwan has always been connected with China. Taiwanese are Chinese. Hence, there is no doubt that China is at the centre of our national history. Therefore, heritage preservation should not include historical buildings constructed by the Japanese. Historical buildings associated with the anti-Japanese movement are exceptional.
>
> (Archive Association of Taiwan, 1974, p.96)

Large-scale clearance of the Japanese heritage was led by the state in the 1970s as part of its 'Anti-Imperialism Campaign'. The Ministry of Home Affairs released the guidelines for 'the clearance of colonial heritage which symbolise the imperialists' superiority' in 1974. Taiwan's colonial past was denied as a 'national shame'. On the authority of this legislation, monuments and shrines built by the Japanese government were completely demolished. Japanese symbols appearing on nameboards, buildings or memorials were

removed or destroyed. By contrast, historical buildings constructed before the colonial period, such as Chi-Kan Castle ('Provintia', built in the Ming Dynasty), the Shrine of the Duke of Yen-Ping (built in Ming Dynasty) and the Barbicans of Taipei Castle (built in the Chin Dynasty), were designated as national monuments. Many of these historic buildings had been restored or partly reconstructed by the Japanese. The government therefore released a by-law to eradicate alterations of or additions to these buildings, and restored them in accordance with the 'Chinese-Palace' building style (Shi, J., 1992, pp. 113-4).

Moreover, to construct an imaginary China on Taiwan, most of the names of places and streets were changed by the government according to the Confucian virtues or the names of cities or provinces in China:

> The vast plaza on which the grandiose Chiang Kai-Shek memorial stands, is surrounded by four roads: Chung-Shan South Road on the west, named for Sun Yat-Sen; Hang-Chow South Road on the east, named for the Southern Sung Dynasty of China; Hsin-Yi Road on the north, referred to the Confucian virtues; Ai-Kuo East Road on the south, referred to Patriotism....The map of Taipei is a map of China. It is easy for mainlanders to go back to visit their homeland; from Chung-King to Hei-Lung-Kiang in just twenty minutes, from Nan-King to Hsin-Kiang, or from Can-Ton to Shang-Hai is two blocks.
>
> (quoted from Wachman, 1994, p.111)

Historic heritage inscribed in the form of antiquity was of particular significance because without this visual evidence, China remained an abstract notion and was difficult for the populace to understand. The National Palace Museum, which has had the finest Chinese antiquity collections in the world, was established as a subordinate institution under the Executive Yuan, and functioned as one of the largest cultural institutions in Taiwan. Chinese antiquity was the representation of the ancient China, and was considered to be the major source for the construction of a national history. [10]

The only legislation concerning historic heritage was the Antiquity Preservation Act formulated as early as 1920 by the nationalist government in China. This legislation was originally applied to protect antiquity and treasures which had national importance. Its legal effect was extended to embrace historical heritage in general after 1949. Apart from this legislation, there was no specific legal source to protect monuments and historical buildings. The direct result was that the principles of historic preservation appear to have

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[10] The National Palace Museum, which opened in 1965, was constructed for over fifteen years with a huge exhibition hall backing onto a mountain and occupied a land area of 34.14 acres in Taipei. The collections were originally preserved in the Beijing Palace Museum and were removed to Taiwan by the KMT in 1949.

resembled the principles of antiquity preservation. Namely, what was worthy to conserve depended on whether the object was original and to what extent it could represent the so-called 'high culture' of ancient China. Historic buildings were only 'aesthetic objects' preserved for 'display' or 'exhibition'. This official definition was embodied in the later preservation policy.

In the mid-1970s, the diplomatic crisis provoked a search for new national identity. This desire crystallised into political and cultural movements, aiming to terminate the political and ideological domination of the state. The political opposition, which grew up on the basis of a clear Taiwanese identity, challenged the ruling party in elections. The ruling party was forced to change its internal structure and allow native Taiwanese to share power with mainlanders. Corresponding with a wave of 'Taiwanisation' in the political sphere, a literature movement, referred to as the 'Indigenous Literature Debate' by the intelligentsia, came into existence. This movement was considered to be a reaction against the influence of modernism and anti-communism in the cultural sphere. Instead, a group of young writers proposed 'nativist' and 'realist' forms of literature. The narrative of their work focused on Taiwan's colonial history, cultural identity and the life experience of native Taiwanese, especially the daily life of the lower stratum of society, such as farmers and workers (Lu, J. 1990b, pp. 34-41; Pan, J., 1991, pp. 93-153).

Although the government tried to suppress this kind of literature by accusing their writers of 'spreading inadequate separationist and communist ideas to the public' (Lu J., 1990b, pp. 41-2; Hsiao, S., 1991, p.114), this literature movement produced a far-reaching influence on people working in the cultural sphere. The message - Taiwan is our homeland - was clearly spelt out through several journals and indigenous literature. Many efforts were made by intellectuals and cultural professionals to 'return to the roots'. Indigenous history, language, literature, art and music, that had been suppressed by the government for three decades, now assumed a new significance. It seems that a new 'Taiwanese consciousness' became to take shape.

> We were taught that Taiwan is to be a stepping stone to go back to China, It is a transition, like a hotel. The ultimate goal is the recovery of the mainland. The government said Taiwan has no language, no culture and no purpose in itself. We learned to despise Taiwanese culture. We fell so humiliated and downgraded....Today, there is a turning point for a complete reform in Taiwanese society. Taiwanese have had all kinds of new consciousness. They are bravely pursuing freedom, emancipation, egalitarianism and self-respect.
>
> (Chi-Li Morning News, 4, Mar., 1988).

The efforts made by citizens to reclaim historical heritage, in particular vernacular buildings which represent local history and culture, could be ascribed to the awakening of historic consciousness. The owner of Lim An-Tai Estate - a group of farm houses in Taipei well known as one of the best Min-Nan Architecture - protested against the redevelopment plan of the Hsin-Yi Sub-Centre announced by the local government in 1976 which would lead to the eradication of this estate. A group of historians and intellectuals joined his protest and requested the government to designate this estate as historic heritage. The government simply wanted to find a easy way out. Instead of demolishing Lim An-Tai Estate, the government made a decision to take apart the compound of houses, remove them and then rebuild them into a museum of folklore in Pinchiang Park. This decision was opposed by preservationists:

> Removing historical buildings from their original settings to other places for exhibition is not the right way of conservation. If historical buildings are out of their original context, they are absolutely dead. They become like other material relics, only restored for display.....The government's strategy is to objectify heritage either in special places such as museum, or broader showcase-type landscape. Thus, history is reduced to an aesthetic object and place is invoked as a concrete showcase of history rather than an active process.
>
> (China Times, 29, Dec. 1977).

Their claims were supported by many architects, planners, and cultural professionals. Members of the Architects Association for instance, organised regular meetings to debate preservation issues, and offered professional assistance to areas where preservationists were involved (Tsai, J., 1977, p.23-36). They also published several books and numerous articles in newspapers and journals to reveal their concerns about historical buildings.[11] For them, the attempt was not just a struggle for the future of historic buildings, but for 'the fundamental change in the official definition of national history and national heritage' (Ma, Y., 1978, p.103).

The late 1970s witnessed the transition of political leadership in the ruling party, and large-scale civil disturbances involving the political opposition and a great number of their supporters. As discussed previously, the political opposition in Taiwan evolved around a peculiar Taiwanese cultural identity in the first instance. Hence, cultural and historical sentiments embodied in historic heritage were difficult to separate from political conflicts. Preservationists' protest for saving Lim An-Tai Estate was charged of

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[11] For relevant discussion See China Times 8, Mar; 12, 24, Oct.; 2, 29, Dec., 1977; Chi-Li Evening News 21, Sept., 1977; 21 Apr., 1978; Architect 1976 (11) (12); 1977 (7) (9); Housing Market 1977 (1) (4) (5) (6); Ham-Shang 1980 (5) (6); 1981 (8) (9) (10) (11) (12).

'a conspiracy to encourage anti-government sentiment'. Following on the Kaoshiung Incident in 1979 - a riot ensured that was the largest public disturbance since the 1947 massacre, several books documenting Lim An-Tai and the preservation event were banned.[12]

However, the damage done to political stability by this public disturbance began to worry the state elite. They acknowledged that the mood of national survival had already faded away and there was an urgent need to enhance ideological control. In 1977, while 'Cultural Construction' was announced as one of the twelve national projects, a speech delivered by a Minister of the Executive Yuan clearly revealed his central concern:

> We should not forget our first priority: law and order. Wealth has destroyed the authority and order of our society. In the name of 'freedom', we begin to see a growing rebellion against the government and an increase in violence and crime in society. People have forgotten what makes us achieve today's success. The main aims of our cultural policy are to reinforce the moral value of our citizens and to assure their commitment to our national goals.
>
> (Cultural Construction Committee, 1980, pp. 4-5).

A cultural-development plan entitled 'Enhancing Cultural, Educational and Leisure Activities' was proposed in the following year. This five-year programme cost thirty-four billion dollars public expenditure and embraced several important plans, including the establishment of a high-level authority and the construction of cultural centres, museums and theatres in provincial cities. The Cultural Construction Committee was formed under the Executive Yuan in 1981 with the purposes of 'assuring the value of Chinese culture and enriching the spiritual life in a rapidly developing society that can also become increasingly materialistic' (Chen, C, 1981, p.3).[13] It was responsible for the formulation and implementation of cultural policy, as well as for co-ordinating many separate bodies within the existing bureaucracy which were in charge of culture-related activities. One of the three divisions in this committee was in charge of heritage preservation. It became the main authority which was entitled to designate national heritage (Cultural Construction Committee, 1988, pp. 1-8).

However, the growing historical consciousness of native Taiwanese contributed to the subsequent development of political movement. The political and ideological crisis

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[12] For instance, preservationist Y. K. Ma edited a book named 'Good-bye to Lim An Tai' on the basis of her articles published in several newspapers and journals (Ma, Y. 1978). This book was banned after publishing the first edition.

[13] This committee mainly consists of three divisions which are responsible for heritage preservation, mass media and art performance respectively. It also includes six special committees for cultural heritage, language, film, music, literature and art

became intensified since the mid-1980s. The complexity of political and ideological conflicts among competing powers and different factions within society threatened the very foundation of nation-building. The state recognised that the existing nationalist discourse was already bankrupted and a national ideology had to be built on other grounds. Yet Taiwan's international status and internal conflicts made it difficult for the state to shape a common identity on the basis of local history and culture. The state was thus reluctant to use too often historical and cultural subjects for engendering a sense of unity, as for the time being, any form of collective discourse can potentially cause social disintegration. The policy regarding historical preservation was ambiguous and only acted to diffuse the tensions.

5.6 Reclaiming the Historical Built Environment: The Battlefield of Conflicting Interests

Although historical and cultural subjects were mentioned in the government's cultural development policy, adequate legislation for historic preservation was still lacking. Under these circumstances, historic buildings could not be protected effectively by law and the idea was no more than an official propaganda. In 1981, the local government of Taipei received a grant from the Cultural Construction Committee to rebuild Lim An-Tai in Pinchiang Park. The authority soon discovered that most of the original materials stored in the garage were damaged due to lack of adequate protection. Consequently, it was only possible to reconstruct the main building of Lim An-Tai Estate. Worst than that, after reconstruction, Lim An-Tai Estate was ruled out from the list of historical heritage because its original character was completely lost (Chung, J, 1981, pp. 65-7). The preservation of Hung Mao Castle offered another illustration. This castle was once a symbol of imperialism according to the official definition, and was a target for demolition.[14] Preservationists put pressure on the government and successfully secured this building from eradication (China Times, 28, Jun. 1980). Hung Mao Castle was listed as a national monument in 1982 and a rehabilitation plan was drafted by the Cultural Construction Committee. Six months before the plan was completed, Hung Mao Castle

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[14] Hung-Mao Castle was built by the Dutch in Tainan City in the sixteenth century and then ceded to the Spanish and the British by the Chin regime of China. It was occupied by the British Embassy under the Japanese colonisation, and was controlled by Australia and the United States before being returned to the Taiwanese government in 1980.

was already seriously damaged by a film company which gained permission from the local government to shoot a movie inside the castle (United News, 1, Jul., 1982; China Times, 28, Jun., 1982).

These incidents provoked serious criticism by the preservationists. The humiliation forced the government to take further action. The Cultural Heritage Preservation Act (CHPA) and several by-laws were announced in 1982 and 1984 respectively. According to this legislative framework, historical heritage referred to 'ancient buildings, archaeological sites and other forms of cultural heritage'. The category 'ancient buildings', embraced 'old baileys, fortifications, shrines, temples, palaces, tombs, bridges and streets, etc. which still keep their original forms' (Section 3, Cultural Heritage Preservation Act). The assessment of historical heritage was carried out by the Cultural Construction Committee. Historical heritage was divided into three grades according to its national significance. Once a historic building was designated, any forms of alteration was prohibited (Section 35, Ibid.). The emphasis on the original character of the objects was obviously a legacy of the previous policy regarding national treasure or antiquity.

The CHPA was only applied to historic buildings which had existed for more than one hundred years. This meant that all historic buildings built under Japanese colonisation were excluded. From this view, Taiwan's colonial past was still officially denied. Many critics appeared in newspapers and journals, challenging the official version of historic preservation. The government was accused of attempting to create an idealised picture of the national past:

> After decades of failing to eradicate Taiwanese culture, the government begins to accommodate cultural localism, but still defines Taiwanese culture as just one local variant of a national Chinese culture...The reconstruction of the past gives the state the chance to select what it deems undesirable and to retain what it considers useful to enhance its own version of national identity.
>
> (Informant, T.9).

For them, through the interpretation of national history, the state again asserted its dominant ideology and disposed of those values which were not affirmative to their interest. Thus, historical heritage acted as a powerful ideological tool which masked the artificial and ideological nature of its content. The past as a social construction, 'became more readily accepted as natural and unquestionable' (Informant, T.9).

The meaning of ancient buildings defined by the CHPA was strictly circumscribed to include artefacts of 'high culture'. As a result, only majestic and monumental structures

such as palaces, temples and national symbols, could qualify as heritage. Not much room was given to vernacular buildings. Also, the CHPA did not provide any device to deal with historic buildings which belonged to private owners. For preservationists, vernacular buildings should be included in the legislation as they embraced the live experiences of a wider spectrum of the populace. A flexible way of preservation could help to preserve vernacular buildings which were mostly privately-owned.

> The legislation should cover towns, villages, districts, skylines, streetscape, buildings fragment and objects, therefore enabling us to have different aspects of the past....To preserve vernacular buildings is a difficult task since they are privately-owned. In our context, private owners prefer to sell their properties for redevelopment. Hence, flexibility is necessary while preservation is implemented in places such as historical towns, campus, or urban districts.
>
> (Ham, 1983, pp. 15)

As a response to criticism, the Cultural Construction Committee worked in collaboration the local government and proposed an area-based conservation plan in Lukong - an old settlement in the Changhua County with a legacy of the late seventeenth century townscape. This plan aimed to transform Lukong's genuine townscape, including eight old temples and a substantial group of shophouses which were largely unaffected by the industrial development, into a 'village of folk art'. A special fund was also granted to assist rehabilitation and to promote tourism. Thus, 'the cultural and historic significant of Lukong as the second oldest settlement developed by the earlier immigrants from China could be well preserved and displayed'. It would 'contribute to the revival of local economy and our understanding of Taiwan's historic linkage with China' (Cultural Construction Committee, 1986, p.4).

Lukong Conservation Area, as an earliest experiment of area conservation in Taiwan, turned out to be successful. Yet the preservation of vernacular buildings was still not on the public agenda. The reasons that privately-owned vernacular buildings were entirely excluded by the legislation were more complicated than the 'high-culture' proposition. As discussed previously, for decades, development objectives pursued by the state suppressed other needs of society. All forms of changes which could serve economic purposes had overwhelming privilege. As a result of the government's aspiration to transform Taiwan into an industrialised country, modernist ideology came to dominate the planning regime. Land and property development led by the private sector had been a long-established paradigm. Unless there was a particular political or economic reason, the state tended not to intervene. Hence, to protect landlords' and property developers'

interests, the government adopted a conservative stand with regard to the preservation of vernacular buildings. Accordingly, privately-owned historic buildings, especially those in the urban areas, were left to be demolished and reconstructed. It seems that only those which were not threatened by development pressures, such as historic buildings in Lukong, or those which possessed important symbolic value for the state, as explained above, had more chance to resist the pressure for redevelopment.

The late 1980s is an era that witnessed major progress in the development of the conservation movement. Area conservation was promoted by preservation activists in places including aboriginal settlements such as Lanyu (1987) and Wutai (1991); fishing villages such as Xiyu (1985), Makong (1989), Kongliao (1989); agricultural villages such as Sanshia (1989), coal-mining towns such as Juifang (1988) and urban commercial district such as Dadowchang (1988). This can be ascribed to the development of social movements during this period, which awakened citizens' consciousness of environmental and social issues. One important message spelt out from conservation supporters was that citizens did not want to compromise with a profit-oriented development. Instead, they were searching for an alternative way of living. It is against this background that cultural and historical aspects of urban environment began to be brought to the fore.

Yet, the late 1980s, as mentioned previously, was also a critical era for Taiwan's property development. The imbalance between domestic savings and capital formation as a result of the slowdown of the national economy built up a tremendous demand for property assets. Housing prices escalated to a historic peak because of the operation of enterprise-owned investment companies. The escalation of property prices therefore encouraged more landlords to sell land for redevelopment. Hence, not surprisingly, while preservationists began to promote the preservation of vernacular buildings, a strong resistance also emerged among property owners.

The practice of area conservation in Samhsia threw a dark shadow on the preservation of historic buildings which were privately owned. Min-Chung Street, a 200-metre-long street at the centre of Samhsia with 104 privately-owned shophouses built in 1916, was to be widened according to a traffic plan formulated by the local planning authority in 1988. This traffic plan was abandoned in the following year after a series of protests organised by preservationists, and the entire area was designated as the 'third-grade' historical heritage by the Cultural Construction Committee (United, News, 22, Jun.; 25,

Jun.; 8, Jul., 1989). But, historic preservation was strongly rejected by most of the property owners. Many of them had been well schooled in accepting that they must give way to economic progress, and were used to the sight of old buildings toppling before the bulldozer. It is fully understandable that comprehensive redevelopment for them appeared to have been more economically feasible than conservation. Private owners went into a state of shock on hearing the official new pro-preservation line. They quickly organised themselves and appealed to the parliament and the local assemblies for change of the heritage designation. The confrontation amongst the government, politicians, preservation groups and property owners became intensified.[15] This controversial issue brought pressure to both the central and the local governments. After five years of contention, land interests finally won over cultural interests. Heritage designation was abolished in 1994 (China Times, 30, Jun., 1994).

The Samhsia incident was only a tip of the iceberg. The KMT also planned to redevelop its headquarters office in Taipei - a group of old buildings standing directly opposite the presidential office of the central government in Taipei - into a fourteen-floor high-rise building. This group of buildings was constructed by the Japanese and was used as headquarters of the Military Department during the colonial period. For many local historians, they were one of the most important remains of Taiwan's colonial history (People, 1994, pp. 6-8). The KMT's plan was opposed by the 'Alliance for Rescuing Historic Heritage' (ARHH), which was formed by eleven civil organisations. They campaigned to preserve these buildings and to reduce the density of commercial development in the central areas. Some members spoke of their deep anger and frustration:

> The KMT came to Taiwan and took over everything. These buildings are state properties. We have to ask how did the KMT get permission to use these buildings in the first place? These buildings should be returned to the people. People have the right to decide how to use them.....The KMT only have their own interest in mind. We come here to teach them a lesson. They can not do whatever they want.

> This protest is not only about saving several buildings. This is a battle between local Taiwanese and the mainlander regime.....These buildings are colonial heritage, so what? The central government office and the president's official residency are colonial heritage too!... The motive behind the KMT's plan is highly dubious. They just do not like to see us begin to value our local historical and culture. They aim to destroy Taiwanese spirit.
>
> (People, 1994, pp. 17-19)

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[15] See United News, 19, 25, Sept.; 22, Oct.; 11, Dec., 1990; China Times, 8, Nov.; 1991; 29, Jan.; 28, Feb., 1992).

The ARHH's request was entirely ignored. Worst than that, while the ARHH appealed to the Cultural Construction Committee to designate this site as a historic zoning, the KMT secretly gained building permission from the KMT-controlled local government. This provoked the further action taken by the ARHH. In order to stop the demolition, their members occupied the main entrance of the site for months and tried to negotiate with the KMT and the municipal government. Despite their protests, the clearance of the site was completed with the assistance of two-thousand armed police. This solution turned a simple social mobilisation into an anti-government riot. Just one hour after demolishing the KMT headquarters, more than three-hundred taxi drivers were informed by a DPP-owned underground radio station to take revenge. They barricaded the streets, attacked the police and damaged other KMT-owned offices in the central area (People, 1994, pp. 10-15).

This incident gave the justification to the property owners who opposed historic preservation from the very beginning. The owner of Lim Garden, a 'first grade' national heritage, appealed to the Cultural Construction Committee for abolishing the designation (China Times, 20, Oct., 4, Nov., 1994). Some owners began to destroy their historic buildings in order to avoid designation. Privately-owned historic buildings such as An-Ping Agent House, First Commercial Bank, San-Yeh Hotel and Ken-Shen Hospital were all quickly demolished by their owners once they learned their properties would be listed for designation (Ibid., 11, Jun. 1994; 7, 9, Jan; 1995). Seven shophouses situated at the First Street in Tainan, a street which had a 300-year history and had been incorporated into historic-zoning by the local government, were also deliberately destroyed by their owners before the public inquiry (Ibid., 26, Jan., 1995). For owners of these historic buildings, 'citizens had the right to protect their legal private property from the state's intervention' (Ibid., 28, Jan., 1995). Although the government condemned property owners for 'being publicly against the government's authority' (Ibid., 31, Jan., 1995), they had already lost their ground.

The divided interest in historical icons and property development was a critical issue not only associated with the conflicts between preservationists and landlords or between mainlanders and Taiwanese, but also linked with the power struggle within the political regime. Therefore, the policy regarding historic preservation was not consistent and there was still lack of common consent among all levels of the government. Under these

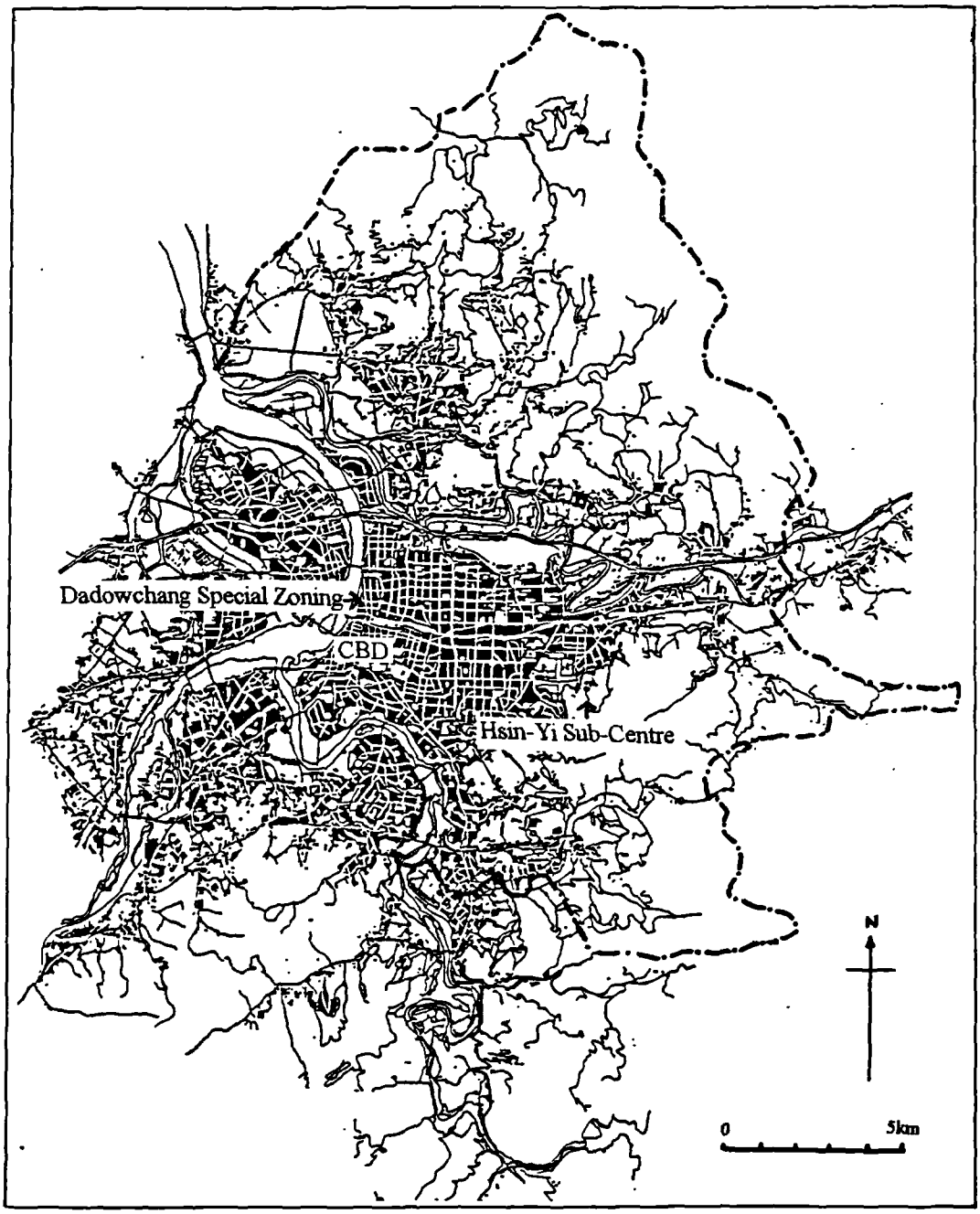
circumstances, the designation of historical preservation itself became a disaster for historic buildings. Historic buildings disappeared faster than expected. As historic preservation was opposed by the majority of landowners, the Cultural Construction Committee appeared to have been poorly motivated to initiate any plans. By the end of the 1980s, only one hundred and forty-five historical buildings, mainly religious buildings and the government-owned estates, were designated as historic heritage. Only twelve out of these designated heritage were privately-owned properties. This could also be attributed to the conflicting nature of property development and the deeply-rooted identity crisis in Taiwan.

5.7 The Formulation of a Conservation-Based Redevelopment Policy in Taipei: Untying the Gordian Knot

5.7.1 Conservation as an Anti-Speculation Doctrine

Historic preservation in Taipei was subject to the circumstances described in the above section. By the end of the 1970s, the local government reported sixty-two buildings to the Cultural Construction Committee; only twenty-one of them were designated as historical heritage. Historic buildings rapidly disappeared in the eagerness to pursue development interest. Dadowchang - the historical centre of Taipei - was the only place which still had its original streetscape and a great number of shophouses (Map 5.7.1; 5.7.3). According to the detailed plan announced in 1978, Dihua Street in Dadowchang would be widened from 7.8 metres to 20 metres to solve traffic congestion in this area. Three hundred and twenty shophouses along this street were supposed to be demolished. The land area bounded by the old and new front lines of land parcels (about 6 meters wide at each side) was defined as 'reserved land for public facilities', and would be required by the UPB within five-years of 1978.

After learning the road-widening plan which would destroy not only many shophouses but the unique townscape of Dadowchang, preservationists acted quickly and claimed to conserve this area as a whole. For them, Dadowchang was not only the old core of Taipei but also the origin of the anti-Japanese movement in Taiwan's colonial history, and a place that had given birth to many indigenous artists and novelists who had national importance. The unique social and economic fabric has made this area 'a place



Map 5.7.1. The Location of Dadowchang Special Zoning

which sits at the centre of local Taiwanese' common memory'. For them, the remaining shophouses in Dadowchang should not be destroyed for the sake of comprehensive redevelopment; and, protecting a place like this, is a 'historical responsibility' (Informant, T.12).

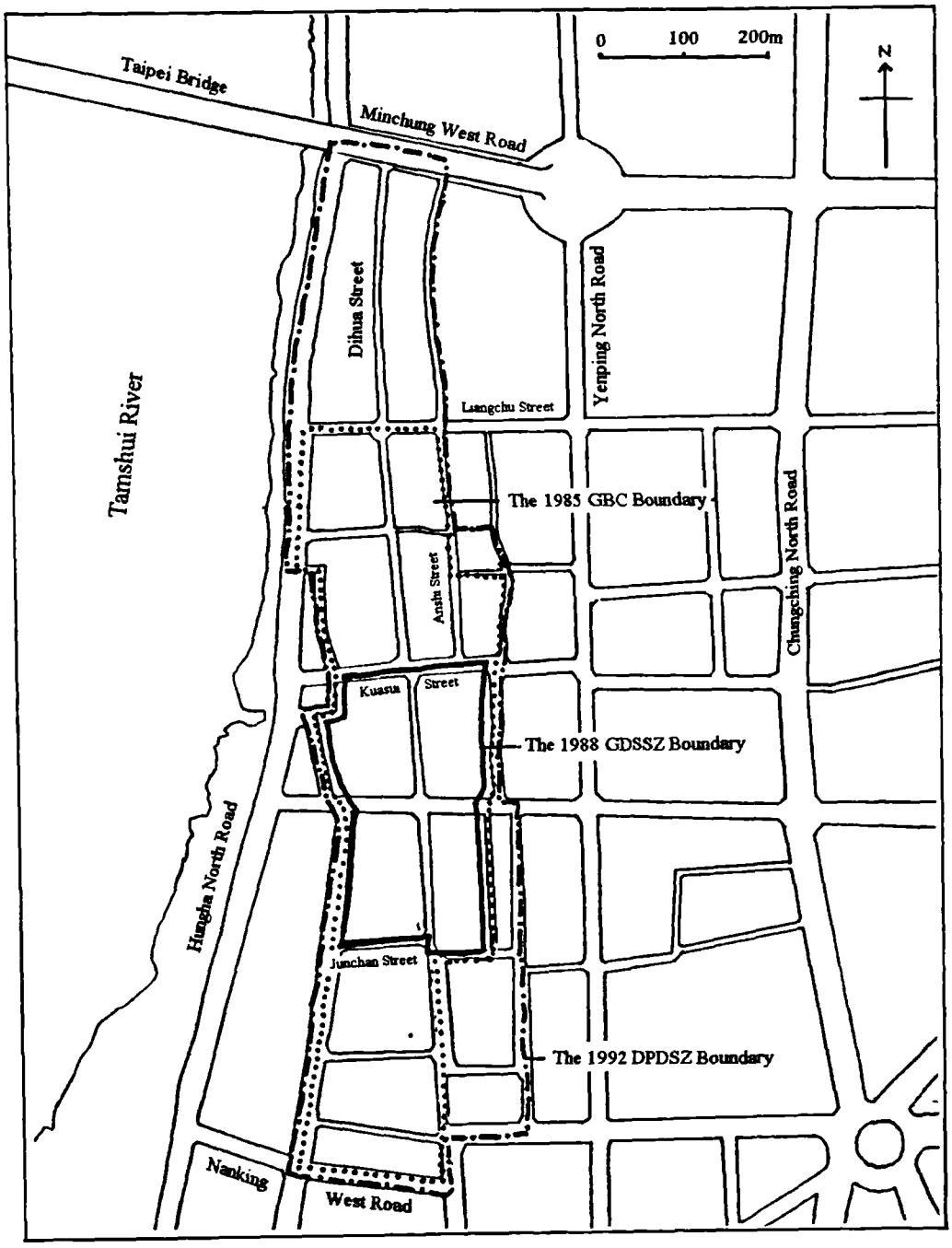
Oddly enough, their request received a positive response from the local government. The planning authority cancelled the road-widening plan of Dihua Street and replaced it with the 'Dihua Street Special Zoning' (DSSZ) in 1983. It covered an area bounded by Anshi Street, Liangchu Street, Hungha North Road and Nanking West Road (Map 5.7.2). Buildings in this area were subject to two sets of development control according to the 'Guidelines for Building Construction before the Designation of DSSZ' (GBC) formulated in 1985. Shophouses in the middle section of Dihua Street, where most shophouses remained in their original shape and where local businesses largely concentrated, were to be entirely preserved as national heritage. The rest of the buildings in this area were subjected to urban design guidelines. Namely, new buildings were only allowed to be built if their height, volume, building material and architectural style met the official requirement (UPB, 1985). Historical shophouses were expected to be rehabilitated by the owners on the basis of public subsidy. The total rehabilitation cost was estimated at seventy billion.

This decision seems to have been made without too much hesitation. The most obvious reason was that the deadline to acquire the 'reserved land' in Dihua Street for the original traffic plan was due to arrive in 1983. As analysed before, the local government was unable to purchase this 'reserved land' for the time being because of the increase in purchasing prices and the lack of financial resources. The traffic plan was thus highly unlikely to get off the ground, making shophouse conservation an obvious alternative. For the time being, Taiwan's openness to international capital also compelled the local government to transform Taipei into a regional centre for foreign-based firms. To acquire international status, there was a determined effort to upgrade the infrastructure and services of the city from the early 1980s. The redevelopment of the old central area of the city was decided since it could release land for office and commercial development and could transform the existing image of the city. The symbolic value of historic buildings was emphasised and historic preservation was integrated into aesthetic planning for urban redevelopment.

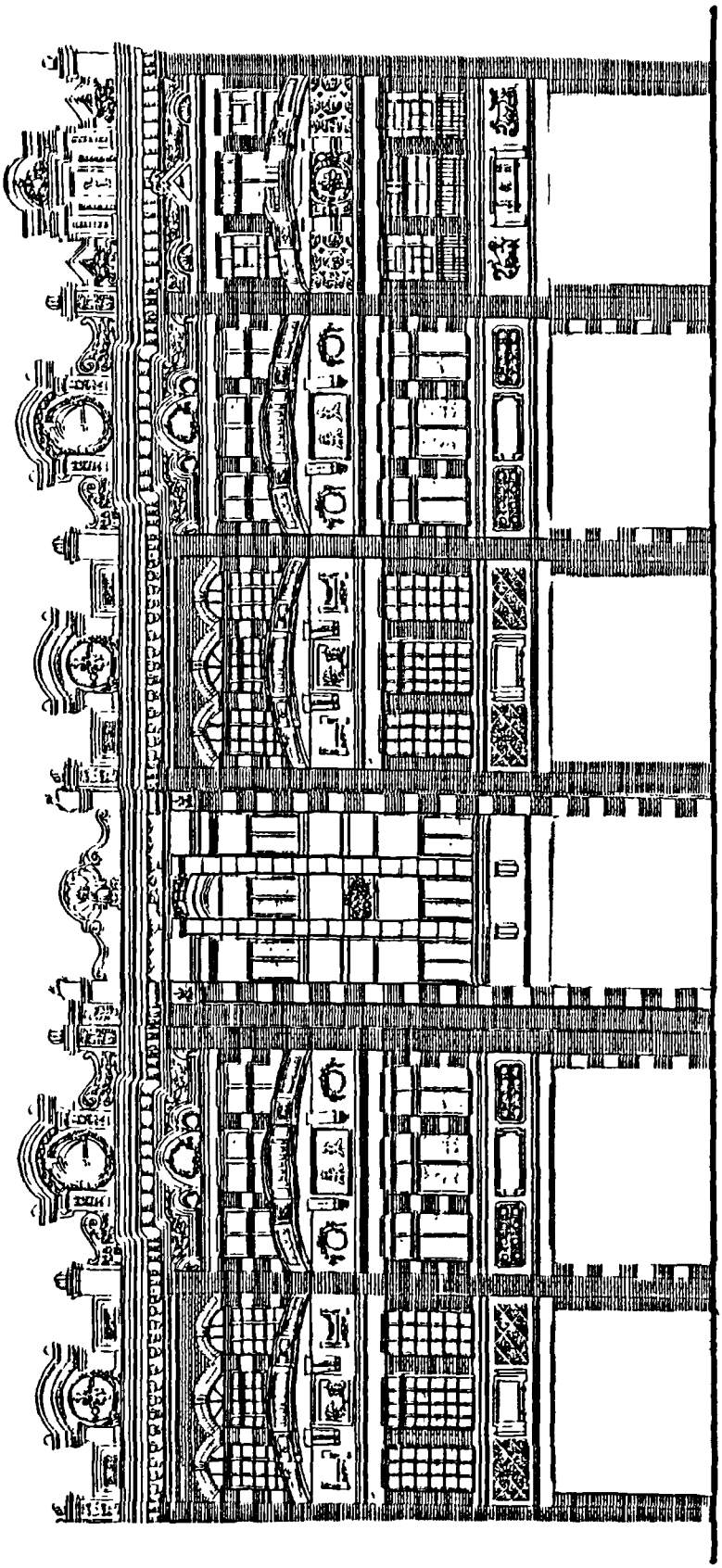
> If Taipei wants to have a chance to play the key role in the global economy in the 21st century, its political, economic, cultural and intellectual environment should be able to rank alongside the major cities of this kind in the Asian Pacific Region, i.e. Tokyo, Singapore and Hong Kong. The uniqueness of the historical built environment can contribute to the cultural image of our city. Dadowchang has the greatest potential to become a historical, economic and cultural centre that is internationally famous.
>
> (Informant, T.15).

The general trend in urban policy and the property market also provided the justification for this decision. Land in the old central area was not as available as in other areas due to the excessive fragmentation of landownership; thereby property development was hindered for a long period. Although the renewal of old districts in Taipei was addressed, the local planning authority had difficulty in reversing the trend of property development led by the private sector, which created an uneven pattern of building investment and housing prices and led these old districts into serious environmental decay. Since urban renewal in the old central area proceeded at a relatively slow pace, a conservation-based redevelopment strategy became a practical solution. Also, the speculative investment by enterprise groups forced up the exchange values of land and broke the price mechanism of the housing market in the early 1980s. The government launched a national campaign to combat the widespread speculation. The ideology of 'controlled-growth' associated with the preservation or rehabilitation of the built environment, had great appeal for the public.

Historic buildings became important environmental elements in the whole package of urban redevelopment. On the authority of a by-law of the Urban Planning Act released in 1983, local planning authority was given power to select urban renewal areas on the ground of historic and cultural values. The GBC was born in this context and was applied to Dadowchang in order to stop the destruction of shophouses undertaken by individual landlords. However, the GBC was a short-term, interim device rather than a long-term policy. It aimed to give the local government some time to formulate the conservation plan, also seeking the support of the central government (Informant, T.15). After the release of this legislation, the local government submitted a list of shophouses in Dihua Street which were located between its junction with Junchan Street and Lianchu Street to the Cultural Construction Committee for final approval. Once these shophouses were designated as historical heritage, they were not allowed to be altered or demolished by private owners.



Map 5.7.2. Dadowchang Special Zoning



Map 5.7.3. Historical Shophouses, Taipei

This is just the beginning of the story. After the road-widening plan was announced in 1978, many landlords in Dihua Street already prepared to demolish their shophouses and to build modern flats on their land in partnership with real estate companies (Informant, T.3). While the road-widening plan was replaced by the conservation plan, many landlords felt their chances of redeveloping the land were completely terminated. Their reaction towards the conservation plan was a mixture of anger, frustration and hopelessness:

> When the traffic plan was announced in 1978, we decided to redevelop our land in partnership with a real estate company. We already paid the bills for building design. The government announced a conservation plan and ravished everything. I quitted cigarettes six years ago. Because of this incident I started smoking again.....I was completely shattered and felt like 'being sentenced to death'
>
> (Informant, T.2).

A petition for abolishing the DSSZ, signed by sixty landlords in Dihua Street, was sent to the parliament. By arguing that residential population and businesses in Dihua street had been threatened by local traffic, they requested a return to the original road-widening plan.

> Two weeks ago, when a shophouse caught fire, fire-engines could not even approach the building because the street is too narrow. We just stood there and watched the fire taking four people's lives. We have known this family for twenty years....Our life has been in such a danger. The street is not allowed to be widened because of these shophouses. Are shophouses more valuable than people's lives?
>
> (Informant, T.2)

> We are big wholesalers. Our customers are mainly small wholesalers, retailers and factories. Dihua street was originally designed for rickshaw and bullock carts. It is too narrow for vans to park and to load goods. Therefore, traffic congestion has occurred and affected businesses in the street. We need better transportation and communication infrastructure in this area to make the circulation of goods and information more efficient.
>
> (Informant T.3).

In view of the fact that the majority of the landlords opposed conservation, the Cultural Construction Committee decided not to designate those shophouses selected by the local government as national heritage, unless the local government could resolve the conflict. Therefore, while another piece of legislation - the 'Guidelines for Dihua Street Special Zoning' (GDSSZ) came into force in 1988, a compromise was made by the municipal government to defuse the tension. The conservation area contracted to only four blocks between Dihua Street's junction with Kuasui Street and Junchan Street (Map 5.7.2). The idea of entire preservation of shophouses in the middle section of Dihua Street was abandoned.

Shophouses inside the DSSZ were classified into three groups in accordance with their historical value and physical condition (Section 6, GDSSZ). Shophouses in the first group were to be entirely preserved. It meant that the original layout and elements of these shophouses had to be restored. Shophouses in the second group would be partially preserved. The first sections of these shophouses, ending eight metres away from the front line, had to be entirely preserved. Alteration and redevelopment were allowed in the rear portions. Shophouses in the third group were allowed to be altered or redeveloped, with the preservation of original facades and arcades. To enhance the existing character of the middle section of Dihua Street, land use zoning was adjusted to allow shophouses in this area to be used for both commercial and residential purposes (Section 3, GDSSZ). To maintain the consistence of building style of the street, new buildings were only allowed to be erected at an eight-metre distance behind the front line of land parcels. Facades and arcades, resembling the original style of shophouses, had to be reinstalled. New construction, alteration, addition or rehabilitation of all buildings in the DSSZ had to gain the approval from the Urban Design Committee of the local government (Section 10, GDSSZ).

For preservationists, the result was disappointing (Unite News, 1-8, Aug., 1987; 13, 17, 21, 22, Aug., 1988). At this juncture, Taiwan witnessed a changing relationship between the state and society: one-party domination was turned upside down and social movements were in upsurge. Grassroots organisations and civil groups concerning environmental issues retained a powerful voice in the policy-making process. Preservationists became more organised and began to involve other civil organisations in conservation issues. Among these groups, the Yaoshan Foundation of Education and Culture (YFCE) in particular, has played a leading role in the subsequent development of the DSSZ. They made clear their central bundle of concerns:

> The contribution of the local community to this area and to our national history should not be ignored. But it does not mean that other people have no right to say a word. They need to understand that history is created by everyone. History is not personal belongings but common cultural resource shared by all. Therefore, the future of Dadowchang should be decided by all citizens.
>
> (Informant, T.11)

Their vision was particularly supported by citizens who had been discontented as the urban environment became dominated by profit-seeking development. As mentioned before, the late 1980s was a critical stage for Taipei's housing market. The fiscal

measures used by the state to combat property speculation were in default since financial capitalists and business groupings already began to exercise their influence over the decision-making of the state. This had a serious effect on people living in the urban area. The majority of the moderate-income population in Taipei was unable to obtain decent housing from the market. They turned to push the public-elected local government to take action against profit-seeking development. Several letters received by the YFCE revealed their anger and frustration at the situation in Dihua Street:

> Owners of shophouses in Dihua Street are running good business or earning good rent. I guess their monthly income is at least 200,000 dollars. They are richer than most of us, but still want to earn more money by selling their four-generation shophouses. They do not care anything else apart from making money. This kind of mentality threaten the very existence of Taiwan as a civilised society.
>
> Let's talk about a normal citizen, for instance, a high school teacher like my sister. She is now earning 35,000 dollars per month. Even she can save her salary for ten years without spending on food and rent, she can not afford to pay 10 per cent of the deposit for buying a new flat. We think landlords in Dihua Street are incredibly greedy.
>
> (YFCE, 1988)

The message was very clear: 'any form of property speculation at the expense of historical heritage would not be tolerated by the public'. It seems that conservation evolved into a process in which people used cultural reasons to argue against a well-established development doctrine (Hsia, 1990, p.11).

The YFCE gathered four thousand signatures from civil organisations and individuals for their petition to save shophouses in Dadowchang from the hands of private owners. Many citizens supported the YFCE not only through sending letters or writing articles to newspapers but also by collective actions. A large demonstration involving thousand citizens and several civil groups such as Organisation of Urban Reformists and Kuo-Fon Heritage Society, took place in Taipei (United News, 22, Aug., 1989). As described by one of the preservation activities: 'People suffer enough and desire to speak out. They also learn that ballot paper can make a change' (Informant, T.12). Hence, if the government compromised with the landlords, 'they will certainly have serious political consequences.' (Informant, T.13).

To play down political pressures and to diffuse social discontent, the local government sought to demonstrate its neutrality by avoiding any connection with development interests.

> The richness of our people is internationally famous, so is our greed. Nowadays people buy properties, stocks, shares, etc., on a large scale, in the hope of being able to sell them again to make a profit. All kinds of money games have destroyed the root of our society. Now it is time for us to recover our traditional values and cultural spirit that have been lost. There are some things in this life that are more valuable than being rich. A country without culture will not have any respect from other countries. We are still secondary citizens in the international community.
>
> (UPB, 1989).

In 1989, the YFCE was granted a research project by the local government to study the redevelopment of the DSSZ. A research team, from the Graduate School of Building and Environment of National Taiwan University, was entrusted by the YFCE to carry out this project. According to their opinion survey, which interviewed two hundreds and twenty local residents, including landlords and tenants, about 30 per cent of them supported conservation, whilst another 32 percent were against it (YFCE, 1989, p.62). The reality was far less optimistic as it was also noted that most of the supporters were tenants rather than landlords. Moreover, because of the multiple ownership of the land, landlords who supported conservation did not fully represent other landlords who had the same rights to the land. However, during this process, the research team built up contact with landlords, tenants and opinion leaders in Dadowchang. The communication between preservationists and some landlords also began to develop. Their efforts had strong influence on a subsequent planning project launched by the municipal government in the following year. This project, aiming to produce a practical plan for conservation on the basis of public participation, was organised by the Architecture Department of Chung-Yuan University. A workshop involving professionals, students, members from civil organisations and some landlords who supported conservation, began to function, and a studio was established on this account at No. 233 Dihua Street (UDD, 1990, p.148).

After completing the above surveys, the Detail Plan for Dadowchang Special Zoning (DPDSZ) was finally released by the municipal government in 1992.[16] This detailed plan differs from the GDDSZ in a number of ways. The boundary of the conservation area extended to that proposed by the YFCE: an area bounded by Mingchung West Road, Hungha North Road, Nanking West Road and Anshi Street (Map 5.7.2). Land use of the western side of Dihua Street was adjusted from residential use to commercial use. Not

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[16] Dihua Street Special Zoning was renamed as Dadowchang Special Zoning (DSZ) according to this plan.

only shophouses in the middle section of Dihua Street but all shophouses were assessed and a total of seventy-seven of them were selected as historical buildings. These shophouses were further classified by a three-grade system, making them subject to different development control. Shophouses belonged to the first and the second group would be designated as historical heritage and by which the owners of these shophouses could gain extra benefit from tax reduction, rehabilitation subsidies and bank loans according to the Cultural Heritage Preservation Act. Also, with the introduction of a revised Urban Renewal Ordinance, land use change and excess plot ratio would be rewarded to owners who engaged in the restoration of historical buildings. Local traffic and public security would be improved through more investment in public facilities. However, to make the decision flexible, the original road-widening plan was still incorporated as an alternative plan.

5.7.2 Defending Property Right in the Name of Grassroots Democracy

The DPDSZ aimed to preserve the physical and social fabric of Dadowchang - the ascribed 'local community'- as a whole. Unfortunately, the local community by then was divided by the conflicting views of shophouse conservation. Local residents were also affected by the growing consciousness of democracy and civil rights in society. They became more active and learned how to organised themselves to take part in local politics. The YFCE's earlier involvement initiated the formulation of the Dadowchang Redevelopment Association (DDCRA) - a local organisation consisting of tenants, local opinion leaders and a small number of landlords who supported urban conservation. The majority of landlords who were on the whole against urban conservation also quickly organised themselves and formed another local organisation - the Dihua Street Revival Association (DHSRA).

The government's ignorance of historical heritage and its vacillating position on planning in the past meant that its commitment at this stage could be easily challenged. The DHSRA had a low degree of trust toward any kind of official plans.

> The government always writes cheques easily, but from our experience, none of them will be cashed. You cannot ever trust the government...The government's policy is too vague and unreliable. Policy is nothing more than a piece of paper, Can we expect these problems to be resolved by a piece of paper?
>
> (Informant, T.4)

> The government widened the southern section of Dihua Street and demolished our traditional wet market in order to build its administrative centre. The KMT was also allowed to demolish their old headquarters office. Why we citizens are not allowed to do the same thing? What kind of double standard is it?
>
> (Informant, T.1)

> The government conducted several opinion surveys in Dihua Street. Owners who lived outside this area were not informed. They acknowledged the results of opinion surveys only from the newspaper. Therefore, these opinion surveys are not convincing. Public opinions have been distorted.
>
> (Informant, T.2)

The DHSRA felt that they were fully legitimised to protect their 'individual right' or 'property right' in this planning process.

> My shophouse is my personal property. Tenants are just tenants. They are not the owners of the houses so they do not have any right to say a word about my property. How to deal with my property is my own business. Who dares to speak for me? The government cannot do anything they want without my permission..
>
> (Informant, T.3)

> My father and I work fifteen hours a day to keep this business going. My family earn this land and property by hard work. We deserve the right and the benefit. Now we are forced to give up our right and share the benefit with the others just because some people think cultural heritage should be communal. Is it reasonable? Is it fair to us?
>
> (Informant, T.4)

> My family have been living here for four generations. We are the ones who know the problems of this area. We are the ones who know what the solutions are. We are the ones who have the right to decide our own future. Those outsides are entitled to their personal opinions, but how dare they intervene the ways we deal with our properties?
>
> (Informant, T.5)

Therefore, any forms of intervention were considered to be 'external forces' and were against the principle of 'grassroots democracy':

> The government is affected by conservationist groups. These people are giving wrong messages to the authority. This is all part of a conspiracy to deprive us of our development interest. I want those so-called intellectuals and heritage experts to come here and give us proper explanations. Do they dare to come?
>
> (Informant, T.6)

> My opinion? Very simple. I do not agree with shophouse conservation and there is no room for negotiation! We have been discussing this issue for fifteen years. I do not want to discuss it anymore..... We are in a democratic society now. The government can not take whatever they want like they did in the past. They should count my opinion. This is the principle of democracy.
>
> (Informant, T.5)

Frustration and anger led them 'to fight for their own right'. The DHSRA continued appealing to change the policy and 'if there was no better solution, members were ready

to demolish shophouses by themselves' (China Times, 27, Jan., 1995). The confrontation among the government, the local community and civil groups became enormously intensive. The Cultural Construction Committee thus became more reluctant to interfere, and left the Dadowchang Special Zoning as a sole effort made by the local government.

It became undeniably clear that the claim of historical preservation and the interest of redevelopment could not be easily reconciled. The policy-making process was bounded by divided interests among social groups, with profit-seeking on the one hand and anti-profit-seeking on the other. The planning process of the DSZ - the first conservation area in Taipei - evolved into a Gordian Knot. Over one decade, efforts from several sectors of society were made to save 'the common heritage' from development interest. During this period, seventeen public inquiries were issued by the local government. Forty-five formal and informal meetings were organised by the authority, the local community and civil groups respectively. Four surveys were completed, involving two workshops established in Dihua Street to encourage public participation. Several alternative strategies were proposed by the local government and also some property investment companies. The progress of conservation plans was rather disappointing:

> The government is very good at producing plans. We do not need plans anymore. We demand actions.....If the government could carry out their conservation plan five years ago, we would have the opportunity to preserve sixty per cent of the shophouses. For the time being, only forty per cent of them still have some original characters. Everything seems to be too late.
>
> (Informant, T.7.)

> We are all tired of discussing this issue. We have been through hundreds of meetings, conferences, protests, etc.....The policy has been changing all the time. I do not know what is the right thing to do. I used to strongly support conservation, but now I do not care anymore.
>
> (Informant, T.10)

The local planning authority had its own frustration:

> We want to play a big part in changing the physical environment of the city for the 21st century. To be honest, we have not developed effective measures and proper legislative framework to deal with a problem like this....But you have to understand, the local government has very limited power and financial resource. If the big brother (the state) disagree, you hardly can do anything.
>
> (Informant, T.15)

However, the municipal government and the local assembly of Taipei were reformed by two opposition parties - the DPP and the CNP- after the general election in 1994. The municipal government still could not afford a road-widening plan because their budget was not enough to purchase the 'reserved land' in Dihua street. Also. there was a huge

political cost behind this traffic plan as middle-class voters were on the whole against it. But, without the landlords' co-operation, historical preservation in Dihua Street was deadlocked. It delayed the regeneration of Dadowchang as a whole. Hence, although historic preservation was asserted as a principle by the new government, it now needed to be repackaged with a 'developmentalist' terminology. A new solution was sought in the framework of urban renewal. In 1995, the Urban Renewal Division of the Urban Development Department (UDD) was assigned to formulate a new Dadowchang Redevelopment Plan (DRP). The priority was given to the revival of local businesses, land values and environmental quality in this area as a whole.

> The objectives of this plan are first, to initiate the redevelopment of Dadowchang for the balance of urban development; second, to attract private investment and residential population back into this area through the improvement of infrastructure and environmental quality; and third, to enhance local economy by developing commercial, cultural and leisure activities on the basis of historical and human resources.
>
> (Section 2, Dadowchang Redevelopment Plan).

Three alternative development plans of Dihua Street were proposed in the DRP. The first and the second ones proposed to widen the street from 7.8m to 20m, also, to remove the original facades or arcades to the new front lines of building sites and to reinstall them on new buildings. The third plan was as the same as the previous conservation plan proposed by the GDDSZ. Public incentives embraced in the urban renewal legislation such as tax reduction, excess plot ratio and zoning adjustment were applied to encourage shop-house conservation. The third plan was preferred by the authority but it could not be implemented without gaining the support from the local community.

The DRP also embraced action plans including several aims: to enhance local facilities which were related to public safety; to rehabilitate some historic buildings with unsafe internal structure; to improve local transport systems; to revive the local economy by introducing cultural and tourist-related business; to complete the legislative framework for urban conservation; and to initiate public-participation in the policy decision-making process. Infrastructure improvement, transport management and public participation were given first priority because in the short run, they appeared to be less controvercial and could be the only way to 'restore the local community's trust in the government' (UDD, 1994, p.1). A special task force was formed under the UDD. Green space, car parks and other public facilities such as fire-alarms and fire-hydrants would be installed. Newsletters or leaflets carrying relevant information were sent to local people.

Again, a studio was set up at No. 10 Dihua Street. It served as a forum for the inter-change of ideas, and helped the local people through face-to-face discussion. However, the final decision was left open until the agreement among protest groups, the local community, the parliament, the central and the local government was achieved (Section 5, Dadowchang Redevelopment Plan).

5.6 Conclusion

The call for historic preservation in both countries was motivated by a set of forces operating in particular circumstances. Singapore witnessed an increasing interest in historic and cultural heritage in the public domain in the late 1970s. The state was driven by the need to counter foreign cultural influence caused by the bilingual language policy, and by the demand for enhancing the attitudes and values of the working population in the face of growing competition in the global market. However, although the state spoke of its enthusiasm about historic buildings, its concept was vague and its policy was no more than a statement. The planning authority did not seriously consider conservation as an alternative of urban development and thus lacked motivation to move forward. This is because at this stage, the state clearly had other development priorities. The planning authority adopted a growth-through-investment strategy, aiming to counter the cyclical downturn of the national economy. Building investment was initiated by the public sector through direct construction and the land sale scheme. To support this policy, vast amounts of land had to be made available. Meanwhile, practical methods of conservation were not fully developed and the economic viability of conservation was still in dispute. Hence, whether to release those valuable land parcels in the Central Area from high-density development and gave them away to historical preservation was highly debatable.

Historic and cultural subjects entered into political discourse in a vigorous and sustained manner in the early 1980s. The political and economic crisis forced the state to engender a collective sentiment, by which society could be more effectively motivated to achieve the development objectives and the internal cohesion of society could be enhanced. The state realised that historical preservation was not only about the rehabilitation of historical buildings, but the attitude and values which were associated with the legacy of the past. Historical buildings can be re-invented to serve the current

need, that is, a need to construct national myths, identities and loyalties. However, the planning process for conservation did not begin until the mid-1980s when there were needs to create a visual spectacle for the image creation of a global city, to regulate building investment, to form a sub-market in the property market, and to produce high value-added commodities for property investment. It seems that the changes in urban planning policy, as a response to new development strategy, determined the formulation of conservation-based redevelopment policy in the last instance.

Like Singapore, Taiwan also experienced the search for historical and cultural heritage in the late 1970s. The motives behind the scene are very different. From the beginning, the mainlander-controlled state marginalised Taiwanese in political and cultural spheres through its social and ideological control. Taiwanese were forced to accept a Chinese nationalist agenda which had nothing to do with their local culture and history. The diplomatic set-back in the international community in the mid-1970s destroyed the ground to aspire Chinese nationalism and provoked a call for new national identity. This desire crystallised into political and cultural movements, aiming to terminate the political and ideological domination of the state. The change in political context forced the ruling party to make concessions by restructuring its internal structure and allowing native Taiwanese to share power with mainlanders. This at the same time opened a new room for Taiwanese to change the official view of their past. The efforts made by preservationists to reclaim historical heritage, in peculiar historic buildings which represent local history and culture, could be ascribed to the awakening of political and cultural consciousness of local society.

The political and ideological crisis intensified in the mid-1980s in line with economic stagnation. The state recognised that as the mood of national survival faded away and the existing nationalist discourse bankrupted, a national ideology had to be built on other grounds. Yet the state seems to have been much more hesitant in using historical and cultural subjects for engendering a sense of unity. The policy for historic preservation was ambiguous and only acted to diffuse tension. The complexity of political and ideological conflicts among competing powers and different fractions within the society threatened the very foundation of nation-building. The state was reluctant to address any form of collective discourse which can potentially cause social integration. Also, the escalation of property price in the early 1980s already encouraged land owners to sell

land for redevelopment. The legislation of historic preservation emphasises on the authenticity of historical buildings, namely, the correct style of a lost historical epoch or a ideal notion of historical form, making historic buildings pure objects for display or exhibition. Private owners were not given much incentives to restore shophouses. Hence, as preservationists began to promote the preservation of vernacular buildings, a strong resistance emerged among property owners. Their political influence prevented the state from taking any move to obstruct development interests involved in the built environment.

However, the demand for historical conservation in Taipei was an unique process in which people used cultural reasons to argue against profit-seeking development. As pluralist politics had came into existence in the capital city, preservationists' request were taken into account in the decision-making process because the ruling party was faced with the pressure of losing votes in the capital city. Also, there was a need to upgrade the physical structure and to transform the image for the capital city that was aspiring an international status, yet the local government was incapable to initiate road construction and urban renewal in the run-down areas of the city due to the lack of financial resource and effective planning powers. The deadline of purchasing reserved land in Dihua Street for the original road-widening plan approached yet the local authority was unable to act. Hence, even without the definite support from the central state, the local government chose to take the move in conservation, using some short-term devices to prevent the further destruction of shophouses.

The political process of policy-making in Singapore and Taiwan differed significantly. The policy-making in Singapore was controlled by the state. The state had absolute power to decide whether to conserve and how to conserve. The planning authority replaced the role of the preservation authority, and took on the main task of policy-making. The planning authority was well equipped with legislative and planning devices for initiating plans. It applied several measures for conservation practice, such as direct investment in infrastructure and shophouse restoration, the provision of technical assistance for private investors, the arrangement for the evicted tenants, the exercise of compulsory acquisition, and the corporation with private sector through the land sale scheme. The underlying logic of this policy was to make historic conservation compatible with economic objectives because profit-making seems to have been the major motive of

the private sector to take part in restoration. The flexible interpretation of historical form of shophouses allowed private investors to renovate shophouses in accordance with their needs and expectations. Having seen that many architects had revealed their interests and views of historical preservation, the planning authority worked in collaboration with those active individuals through the mediation of the professional associations, instead of allowing them to proceed with mobilising more participants and forming another organisation. Since information has been kept away from public view, local communities have been totally excluded from the decision-making process. The official decisions have been sometimes made simply by discretionary judgement from a bureaucratic point of view or by implicit political determination. The efforts to inscribe grassroots interpretation of heritage failed as the decision-making process of urban conservation worked to the exclusion of public opinion. Although there was a resistance emerging against this form of decision-making, but it was too weak to constitute a force of challenge. As a result, the state could choose to ignore contradictory opinions and proceed with its original decision. It was too much a reflection of every aspect of Singaporean life where the state was involved.

The policy-making process in Taipei was bounded by the interplay of social and political forces. The city's pluralist politics created a situation that any form of intervention in urban development was affected by the operation of different interest groups. The conflicts in the preservation of Dadowchang evolved around the issues of challenging property rights, obtaining user control of cultural resources and popular participation in the creation of public benefit. Private owners of shophouses and preservationists mobilised themselves to dispute the right of territory. The policy decision-making was shared by these groups which possessed different kind of political influence. The planning regime was not designed for public participation but in which they were being asked to operate in the environment of interest-group pluralism. Hence, the policy was changed several times in order to create an acceptable agenda. The situation was deadlocked and there seems to have been a great uncertainty about the future of the policy. To manage this problem, financial resource, expertise in public participation, legislation and commitment to the policy were mostly needed. Unfortunately, urban policy as a form of state intervention was not consistent. The local planning authority failed to act in many circumstances due to the lack of autonomy and financial sources. However, even

fundamental problems in the planning regime could be resolved, in an era that the government gradually kept their hand off the political and economic spheres, the re-emphasis on the role of public sector in urban development would be considered to be inadequate. The policy-making process analysed above does not only reflect the nature of urban planning, but also the changing relationship between the state and society.

CHAPTER SIX
THE TRANSFORMATION OF HISTORICAL URBAN CENTRES: SINGAPORE AND TAIPEI

6.1 Introduction

The previous chapter explored the main differences between the conservation-based redevelopment policy in Singapore and Taipei in terms of the way in which they are produced. In what follows, I examine the actual practice of these redevelopment strategies, with special reference to the transformation of two historic urban centres - the Chinatown Historic District (CHD) in Singapore and the Dadowchang Special Zoning (DSZ) in Taipei. The Chinatown Historic District is located adjacent to the current financial district of Singapore. It consists of four sub-areas, Kreta Ayer, Telok Ayer, Tanjong Pagar and Bukit Pasoh, with a total number of 1,111 shophouses on a land area of 25 hectares. Amongst the four sub-areas, Tanjong Pagar is the place where shophouse restoration first started. A total number of 291 shophouses on a land area of 8 hectares have been scheduled for conservation since 1987. The Dadowchang Special Zoning is located at the eastern bank of the Tamshui River and a distance of two miles north of the old CBD of Taipei. It covers a land area of 12 hectares bounded by Minchung West Road, Anshi Street, Hungha North Road and Nanking East Road. A total number of 297 shophouses in Dihua Street and other buildings in its surrounding area have been incorporated into the Special Zoning by phases since 1983 and subject to different types of development control.

The historical development of the locality is as critical as other external forces because new development of a place cannot emerge without interacting with the nature of the locality as shaped by its previous development. In this chapter, I firstly examine the historical urban centre in its historical context, with particular attention paid to physical development and the local economy. Changes in property value and land use are also emphasised here as important indicators of the development of the locality. I then provide an in-depth account of the transformation of each historical urban centre after the implementation of conservation-based redevelopment strategies. I focus on the progress of shophouse restoration and the changes in property value and land use in the conservation area. This exercise enables me to discover to what extent these strategies have affected the development of the locality. Another major line of this chapter is a

study of the common or contradictory interests of social agents who have been influential in the planning process. This inquiry provides the means of understanding the political and social process of the transformation.

Singapore
6.2 Historical Development of the Locality: Chinatown

6.2.1 Chinatown and Singapore's Colonial Past

It was earlier noted that prior to the nineteenth century, Arab and Chinese merchants were already active in Southeast Asia and helped to develop trade activities in this region (Wong, L., 1978, p.51). On the long sea-route from China, India to Europe, the central location of Singapore in the Malay Archipelago provided it with a great geographical advantage for shipping. Singapore was granted free-port status in 1819 by the British government and became one of the most important entrepots in Southeast Asia. From that time onwards, manufacturing goods produced in the European countries were transported to Singapore and redistributed to its neighbouring countries. Agricultural products from these countries, such as rubber, coffee, gambier and spices, were carried by small boats to Singapore for sorting, processing and grading before they were re-exported to the European countries. Trade activities were mainly conducted at ports along the Singapore River and at the Telok Ayer Basin.

During this period, most foreign trade was controlled by the European-owned 'agent houses' (Earl, 1971, pp. 415-16). Chinese merchants played an intermediary role in trade activities. More precisely, they acted as the 'middlemen' - such as distributor, commission agents, wholesalers and retailers, who directly dealt with agent houses on the one hand, local suppliers and consumers on the other (Wong, L., 1978, p.83; Chiang, H., 1970, p.255). Many firms and factories specialising in sorting, grading, repacking and processing were established by Chinese merchants on the waterfront in the current Central Area (Singapore Half-yearly Trade Statistics: Import and Export). The two largest dialect groups of the Chinese - Hokkien and Teochew - competed for trade and space.[1] Hokkien merchants were major rice importers and also dealt with products such

[1] The Chinese originated from different dialect groups (Hokkien, Teochew, Cantonese, etc.) and did not form a single, cohesive population.

as beans, copra, coffee, sugar and animal fodder. Large wholesalers had their offices by the Singapore River and godowns some distance away, while small wholesalers operated from the ground floors of shophouses along the current South Bridge Road. Teochew merchants were mainly gambier exporters and importers of vegetables and firewood. Their wholesale businesses were mainly located at the upstream of the Singapore River while some small wholesalers concentrated in the current New Bridge Road. Chinese settlements, generally known as 'Chinese Campong', began to spread over the flank of the Singapore River (Berry, 1982, pp. 42-46).

These wholesale businesses hired a great number of unskilled workers for transporting and possessing goods. Large shipping and dock companies also required labour for coal and cargo-handling. They altogether created a large job market for coolies, richshaw pullers, coal workers and wharfingers. Owing to the rising demand for labour, some Chinese were involved in coolie trade and worked as coolie agents or headmen. Coolie lodging houses were established close to the Chinese settlements and functioned as the main supplier of daily-paid labour for the nearby businesses.[2] Apart from trade and its related activities, some Chinese also worked in a large bazaar sector lying at the bottom of the retailing continuum. This sector consisted of a number of individual retailers such as hawkers, street vendors and stallholders. They also tended to locate close to where the wholesalers and working population concentrated. The Chinese population in Singapore increased rapidly following on the expansion of foreign trade and job markets. The largest Chinese Campong emerged in Telok Ayer (the current Chin Chew Street, Nankin Street, Hokkien Street and Pickering Street in the CHD) while the British government leased out twenty-two pieces of land to Chinese settlers in 1826 (Song, O., 1923; pp. 23-25).

As discussed previously, to prevent violence and conflicts amongst different ethnic groups, the colonial government launched a Town Plan in 1828 by which ethnic groups were forced to live separately. Telok Ayer and Kreta Ayer (an area between the Singapore River and the Chinese burial ground) were designated as the main residential area for the Chinese population and were thus referred to as the 'old Chinatown' (Map 6.2.1).

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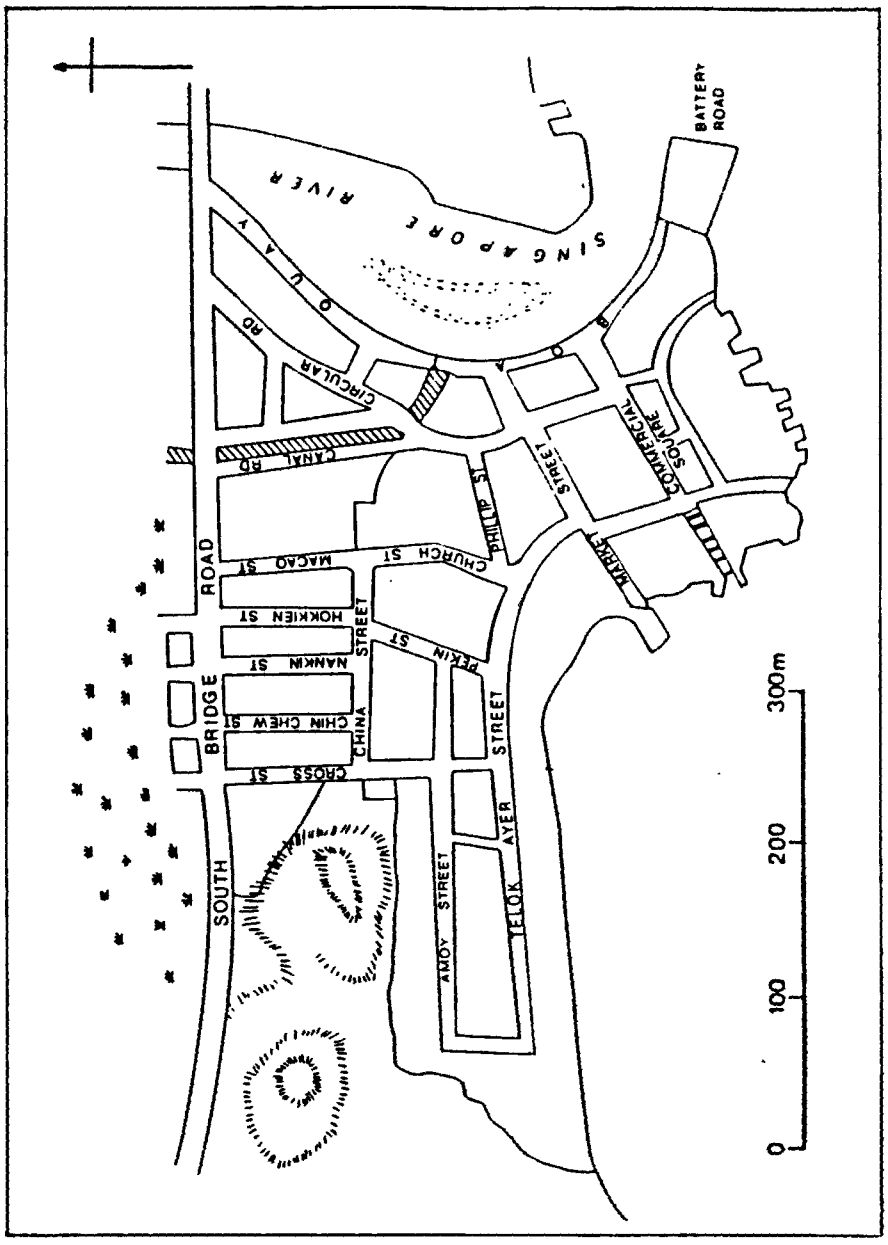
[2] In 1863 the attention of the governement and the police was directed to coolie trade operated by the Chinese secret society. The treatment that these immigrants received were described as being 'a species of slavery of the worst description'. Many 'stations' for these slave trade were located in Kreta Ayer (Archive and Oral History Department, 1983, p.83).



Map 6.2.1. Chinatown in 1836

South Bridge Road and New Bridge Road were reconstructed and functioned as major routes linking old Chinatown and the administrative centre at the northern bank of the Singapore River.[3] Many shophouses were built subsequently. These shophouses were mainly two or three-floors high with roofs of red Chinese tiles. The smaller shops were 4.8m wide and 25.9m deep while the bigger ones were 5.5m wide and 30.4m deep (Tieh, P., 1988, p.105). They were all constructed in long contiguous blocks, connected by adjoining party walls and a covered passageway called 'five-foot way', also lined back to back with those of the neighbouring road. The ground floors of shophouses were mainly used by businesses while the upper floors were for residential use. The 'five-foot way' was owned by the property owner but the public had the right of way. Thus it was generally used as an extension of shops on the ground floor, or to accommodate street hawkers or small food-stalls. Telok Ayer was fully occupied by shophouses in a rather short period. Kreta Ayer also began to develop when the government granted several land parcels between Pagoda Street and Sago Lane to the Chinese in 1843 (Archives and Oral History Department, 1983, p.14).

It was noted that the Chinese population on this island increased to 35,000 at the end of the 1840s, and nearly half of them lived in the old Chinatown (Buckley, 1965, p.83). Further expansion became difficult because Kreta Ayer was largely hemmed in by small hills to the south. Most part of these small hills (the later Tanjong Pagar and Bukit Pasoh) was still covered with gambier, nutmeg and fruit plants, although a small number of luxury properties had been built by European settlers or wealthier Chinese merchants in the search for country estates (Lee, K. L., 1989, p.51). However, the population density of the old Chinatown increased remarkably and the most obvious and least expensive way to solve housing shortage was simply to make building plots smaller or to sub-divide the building into an ever greater number of units. Most of the upper floors of shophouses were divided into small cubicles and rented out to new immigrants or coolies (Kaye, 1960, p.2; Ommanney, 1960, p.37). Due to the lack of building regulations, sanitary problems surfaced in line with environmental decay.

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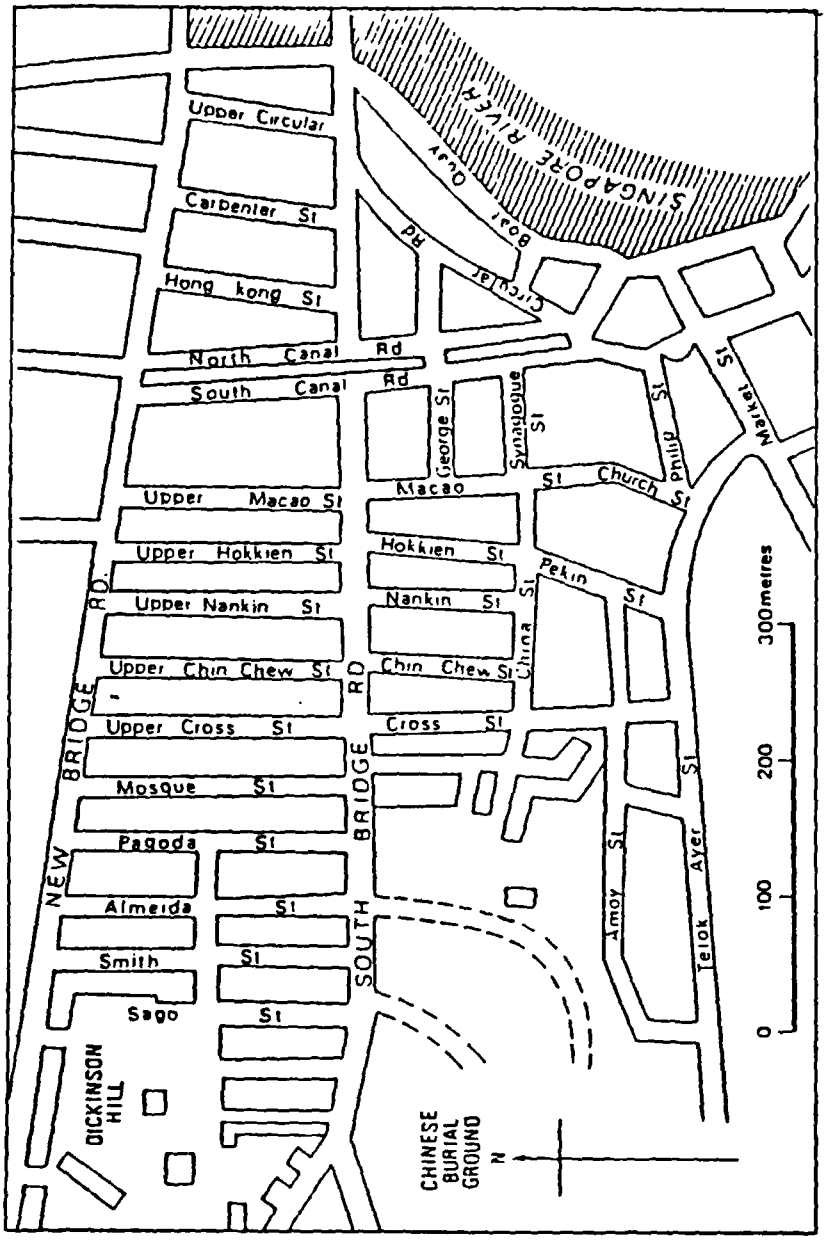
[3] South Bridge Road was extended by a earth road called Tanjong Road (the current Tanjong Pagar Road) during 1823-24, and connected with North Bridge Road by Elgin Bridge - the first bridge built cross the river. The second bridge, the New Bridge, was completed in 1845, connecting with New Bridge road which lay on the western side of Telok Ayer.

The opening of the Suez Canal in the late nineteenth century placed Singapore on the direct sea-route to the Far-Eastern market and therefore enhanced its position as a trading centre for this region in the coming years. To meet the new shipping demand, the colonial government embarked on several projects to renovate the ageing port facilities in Singapore. A new harbour (the Kepple Harbour) was built in 1850 at the southern coast (Trimmer, 1933, p.17). It was made up of a sheltered deep-water harbour and modern wharves which could cater for large ocean vessels. Dock companies serving the new harbour, such as the Tanjong Pagar Dock Company and the New Harbour Dock Company, were established at the southern end of Tanjong Pagar Road in 1864. Tanjong Pagar Road and South Bridge Road thus became the main routes for the transportation of goods and workers between the old Chinatown and the new harbour. Rickshaws were introduced to Tanjong Pagar Road in 1880 and a steam tramway started working on South Bridge Road in 1885. The number of rickshaw and traditional bullock carts increased over time since they were more convenient and flexible means of transport for shophouse business. For better access to the new harbour, trade and wholesale businesses spread from old Chinatown to the south through Tanjong Pagar Road and Neil Road. Many shophouses were built along the roads after agricultural land was converted to residential land. Meanwhile, the wealthier European and Chinese merchants in Tanjong Pagar and Bukit Posah began to move out to the new suburban areas such as Katong and Bukit Timah.

The job market expanded quickly because of the dock activities and transport service on the thoroughfares. Dock companies at the new harbour altogether employed more than 4,500 contracted coolies in 1884 as the steam vessels needed manual labour for coal-handling.[4] The largest rickshaw station in the city also set up at the junction of Tanjong Pagar Road and Neil Road registered more than 1,800 pullers in 1886 (Tanjong Pagar Citizens' Consultative Committee, 1989, p.24). These indentured coolies rented cubicles in shophouses or stayed in licensed coolie stations. Unlike Telok Ayer and Kreta Ayer, Tanjong Pagar and Bukit Pasoh were ethnically-mixed communities. The Chinese

[4] The method of handling the coal between ship and stack was for each pair of coolies to carry, by means of a bamboo pole resting on their shoulders. The compant paid and charged fixed rates for handling coal (Trimmer, 1933, p.26).



Map 6.2.2. Chinatown in 1881

lived at the northern end and the Indian and the Malays settled at the western and the southern areas (Yeoh and Kong, 1995, p.49).

However, Tanjong Pagar and Bukit Pasoh became increasingly integrated with Telok Ayer and Kreta Ayer, in the closing decade of the nineteenth century (Tan, C., 1989, p.16). Shophouses were occupied by wholesalers and retailers on the ground floors, while coal coolies, stevedores and richshaw pullers stayed in small cubicles on the top floors. Kreta Ayer particularly, was an entertainment centre for the Chinese community in this area (Map 6.2.2). Sago Street, Temple Street and Pagoda Street were bustling with open-air wet markets during the day and food hawking at night. Theatres and brothels also emerged in Temple Street, Smith Street and Trengganu Street. A large theatrical hall was built in Smith Street by clan associations and used to stage Cantonese opera for their members.

The general pattern of urban growth in the early twentieth century was simple. Land in the Central Area was fully occupied and population density was very high, particularly in those ethnic enclaves. There was an observable increase in population in areas adjacent to the Central Area, such as Pasir Panjang and Katong, but a significant movement of people from the city to the suburban areas had not emerged. In view of the fact that Chinatown's physical and social environment was threatened by high population density, the General Improvement Plan was initiated by the Singapore Improvement Trust (SIT) to tackle housing shortage and public health problems in this area. The SIT started public-housing projects in Telok Ayer and Kreta Ayer, including a row of four-floor flats in Upper Cross Street and Mosque Street (1930); a four-floor flat around the corner of Smith Street and Trengganu Street and a row of two-floor flats in Saga Street (1927). A hawker market was also built in 1922 near People's Park in Bukit Pasoh to accommodate street stalls. A new regulation for building control (the Backlane Order), with effect from 1935, enabled the authority to open backlanes for better access to the back-to-back shophouses (Singapore Housing Committee, 1947, p.2). Some of the dilapidated shophouses were demolished, restored and reconstructed by private owners in accordance with new building regulations. However, the SIT projects were small in scale and the purpose was simply to improve the physical environment. Hence, they had very limited influence on the social-economic characteristics of this area.

Meanwhile, the physical appearance of main traffic routes in Chinatown changed more drastically due to property development initiated by private owners. Modern transport began to function in most parts of the city. The trolley bus, introduced in 1929, quickly gained popularity and replaced the rickshaw as the main transport used by people. New Bridge Road and South Bridge Road were widened and functioned as thoroughfares linking the central city and the southern coast. Many shophouses along these roads were demolished and replaced by modern buildings. New development was mainly initiated by clan associations which served as community centres for different dialect groups. Musical halls and traditional opera houses erected alongside large theatres for silent movies and modern hostels for new immigrants. New Bridge Road, particularly, emerged as a centre of communication and entertainment for the Chinese community in Singapore (Archives and Oral History Department, 1983, pp. 122-34).

6.2.2 Chinatown in the Post-War Development

Singapore was occupied by the Japanese during 1942-45 and served as a base for their administrative and military command in the Malaya region. Many shophouses in the Central Area were torn down during the war; and this made the problem of housing shortage more accurate. The Chinese settlements in the Central Area were heavily congested after the war. The colonial government did not make further efforts to solve the housing problem in Chinatown apart from building three nine-floor flats in Upper Pickering Street and Upper Hokkien Street during the period 1952-53. In 1956, there were intensive areas in Chinatown where population densities reached 1,700 persons per hectares; some blocks even reached 2,470 persons per hectares or more. A survey conducted in Upper Nanking Street revealed that 56 per cent of the population lived in single cubicles exclusively occupied by one household, and 7 per cent lived in cubicles shared by two or more households (Kaye, 1960, p.49).

After obtaining its independence in 1965, the Singapore government placed slum clearance and housing development on the centre of its policy agenda. The Housing and Development Board (HDB), with its efficiency and determination, built a great number of public estates in the 1960s in order to resettle the population who were by then crowded in slums. Most of their projects took place along main traffic arteries radiating

out from the Central Area; many of them ran westward from Chinatown to Queenstown (Planning Department Annual Report, 1970). Several residential and commercial projects were initiated by the housing authority in Chinatown to tackle housing shortages and environmental decay. These projects were located on public land which had previously been acquired or redeveloped by the SIT. Large estates such as People's Park Complex, Kreta Ayer Centre, Tanjong Pagar Plaza, Chinatown Complex and Hong Lim Complex erected in the 1970s. These buildings were directly built by the housing authority or by private developers who bought land through the Sale of Site Programme.[5] The scale of these projects was massive. Tanjong Pagar Plaza, for instance, was the largest public estate in Chinatown and consisted of seven tower-blocks of apartments, a hawker market with ninety-six stalls and a podium plaza with one hundred and forty shops (Ho, E. 1987, p.15). Many residents who lived in shophouses were soon resettled to the public estates built in the surrounding area or to those in the outskirts of the city. Stall holders crowding the 'five-foot way' were relocated in the retail centres in the public estates. Street hawkers were removed to newly constructed hawker markets or food centres, supplied with electricity, piped water, sewerage, etc. As a result, population density in Chinatown began to decline.

Some fundamental changes in the national economy and urban development seem to have affected the dynamic of shophouse business in Chinatown. Since the state decided to adopt an export-orientated strategy for industrialisation, manufacturing industries produced for export markets gained substantial growth. The nature of export changed from a concentration on primary products to more diversified exports, including semi- and fully-manufactured goods. There was a sharp increase in capital goods and other materials, such as machinery, industrial components and transport equipment, to meet the industrial process; and a relative decline of importance of the traditional consumer goods as major commodities for re-export. The finance, banking and advanced-service sectors also grew up in line with the expansion of manufacturing industries for the international market. The economy thus was transformed from an entrepot economy to one based on manufacturing, external trade, financial and business services. The secondary sector, as represented by manufacturing and construction industries, replaced the tradi-

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[5] People's Park Complex for instance, a thirty-floor residential/commercial building, was the first product of the Sale of Site Programme.

tionally dominant service sector as the principal source of employment. Trade and wholesale businesses, which were associated with the transportation and processing raw materials, declined.

The physical environment of the central city was also undergoing a dramatic change. To meet the increasing demand for office and commercial space, the physical structure of the Central Area was largely improved under the guidance of the government. A financial district, generally known as the Golden Shoe Area, was established in the mid-1970s in an area bounded by Singapore River, Raffles Quay, Shenton Way, Maxwell Road and Telok Ayer Street. Public land in the Orchard Road Corridor, North and South Bridge Roads was sold for the development of shopping centres, retail and entertainment facilities. Office and commercial development soon expanded in the vicinities of these areas. The staged redevelopment led by the URA began to target precincts on the fringe of Chinatown in the late 1970s. For instance, a massive project was initiated in an area between the eastern side of Telok Ayer and the Telok Basin reclamation. After redevelopment, this area was incorporated into the Golden Shoe financial district. Private-sector development concentrated mainly on the southern section of Tanjong Pagar, along the arterial roads. Many shophouses were demolished and redeveloped into high-rise buildings for office and commercial uses, such as International Plaza, Maxwell House, Nelson Buildings, Union Building, Reality Centre, Kepple House, and Jit Poh Building.

Urban redevelopment in the fringe area of Chinatown accelerated in the early 1980s as more land was released to private developers through the Sale of Site Programme. Land in Tanjong Pagar, in particular, was redeveloped by private investment. High-rise buildings such as Chinatown Plaza, Sanford Building, Amara Hotel, STP Building and IBM Tower erected along Tanjong Pagar Road, Anson Road, and Cantonment Road. The new MRT station was constructed at the junction of Anson Road and Maxwell Road. A triangular area (part of the current Tanjong Pagar Conservation Area) bounded by Tanjong Pagar Road, Neil Road and Craig Road, which had been acquired by the HDB in 1981, then transferred to the URA in 1984, was also ready to be sold for further redevelopment.

Under these circumstances, private owners of rent-controlled properties, such as old shophouses, were particularly attracted by the success of property development. In the past, their properties were rented out at a standard rate fixed by the Rent Conciliation

Board. The taxable value or the market rental value had no significance in the determination of the controlled rent. Also, the standard rent did not alter with the change of tenancy. Since the low rent was inadequate to cover the cost for maintaining ageing properties, further improvement or investment was discouraged. Shophouses therefore fell into physical deterioration because owners' profits were squeezed between fixed rent revenues and rising operating and maintaining costs. Private owners were in favour of redevelopment by which a higher financial return could be obtained. Although, under the rent-control regulation, property owners could only evict tenants under certain circumstances, it was widely believed that many businesses were forced to end their lease contracts in order to release the land for redevelopment.

Following on the rejuvenating project of the Singapore River by which all the barges and lighters were removed to the Pasir Panjang Port, the wholesale business in Chinatown, which was closely associated with the barges, moved to the upstream of the river. The hawker sector was also expelled from the streets and settled in nearby shopping centres. Many of the small industries in shophouses also moved to the planned industrial estates outside the city, such as Jurong Industrial Estate, for better infrastructure and services. Moreover, the new transport regulation in the central area, such as a one-way traffic system, parking restrictions, high parking fees and the Area Licensing Scheme, increased the operational costs of businesses. The lack of labour due to the increase of industrial employment, and the loss of clientele links resulting from the decentralisation of population, both threatened the vitality of shophouse business in Chinatown. Interestingly, it is also suggested that the planned suburban centres were not drawing away any of the downtown retailers. Most of the growth of retail business in the suburbs were new and did not come from the established shopping district (Sim, L., 1981, pp. 223-33). A survey conducted by the URA in 1986 shows that most of the retail business in the Central Area did not move frequently. Approximately 68.5 per cent of retailers have not moved since they started their businesses. For retail businesses which were located in shophouse areas, the average period of occupancy was as long as 24.7 years (URA, 1986b). Hence, retail business in Chinatown might be the sector which was less affected by the undergoing changes in the post-war development. This will be carefully examined in the coming section.

6.2.3 Changes in Land Value and Land Use (1965-1986)

It is argued that the decline in land values and the disparity of values between the present use and the potential use determine the degree of profit appreciation and the timing of re-investment in the inner-city areas (Smith, 1982). In the following section I first analyse the change in land value in Chinatown in relation to land values in the Central Business District and three other areas located at different distances away from the centre. It is helpful for a proper understanding of whether and to what extent the decline in land value in Chinatown made re-investment a rational market response.

Before analysing the change in land value, the first thing one has to consider is that the nature of land ownership and land value in Singapore was determined by the land-holding system and the rent-control legislation rather than market forces. The land-holding system in Singapore differs as between freehold and leasehold property. In the case of a freehold property both the land and the building are owned outright by the purchaser. In the case of a leasehold property, the purchasers do not own the land or the buildings but obtain the right to use them for specific period according to the property law. Therefore, different properties belong to different landowning states; and their leases also close at different times. At the end of that time, properties return back to the freehold landlords. As mentioned before, in Singapore, the state has control of the land ownership; and the private sector's participation in the development of land is mainly based on a leasehold basis (Motha and Yeoh, 1989, pp. 7-8). This meant that most property owners might not own the land on which their properties are situated; as such the building itself is more important than land. Hence, in the property market, the concept of real estate is directly related to property rather than to land. Land value and building value have been combined into one single category: property value. In detail, the value of the property is the amount at which it could reasonably be expected to sell the property with different forms of land tenure (freehold or leasehold granted between 99 and 999 years), or the price it would command on the open market, paid by a willing buyer to a willing seller.

Another crucial factor which determines the nature of land value is the rent-control legislation. The rent-control legislation plays a decisive role in determining the land value of the property with sitting tenants (Musterd and Van Weesep, 1991, p.12). Under this

legislation, landlords are not allowed to charge rent in excess of the 'standard rent' which has been fixed by the Rent Conciliation Board (The Control of Rent Ordinance, 1953, section 2). The selling price of a tenanted property represents the market valuation of land value with reference to its annual rental income. The rents of controlled premises are almost invariably far below the true market values; land values have been artificially depressed.[6] As a result, there were two set of values when the property was transferred. One is property value with vacant possession and the other one is property value with tenanted possession. The former represents a market evaluation of the expected value of the sold property in its future use and the later reflects the value of the sold properties under its current use.

However, not unexpectedly, while coming to analysing land value, one will find the first difficulty is to differentiate land value from property value since they have been combined in all kinds of data. Property value is thus the only indicator to observe the change in land value. Property value includes a component for land value with the value added in the form of improvement. Therefore, property value does not represent the actual land value.[7] Fortunately, this imperfection is not serious enough to invalidate the analysis of land value in shophouse areas. The value of a shophouse is low enough to be ignored since it is ageing and decayed. Hence, although the selling price of a shophouse is not exactly the same as the land value, it is very close to the actual land value. Generally, property value differs between vacant possession and tenanted possession. The prices of vacant and tenanted shophouses could be applied to measure the disparity of land values between potential use and present use.

In this study, property prices of shophouses were obtained from the actual transaction records provided by the SISV.[8] For analytical purposes, a total number of 463 transaction records were selected from five locations, including the CBD, Chinatown,

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[6] It has been estimated that most properties under rent control should fetch about three times the 1939 rent in the free market in 1966. For a detailed discussion see Koh, T., 1966, pp.2; 32-45; 176-232.

[7] According to neo-classical models of ground rent, land value referrs to the price of an undeveloped plot and the expected income from its use. Property value is the price when a building is sold, including the value of the land. In general, these values are determined by two separate market systems and constitute different basis for taxation (Hoyt, 1933).

[8] The transaction records over years were provided by the Singapore Institute of Surveyer and Valuer. In six areas, a total number of 463 transactions of shophouses were recorded from 1960. The computer data after 1984 was not acccessible for legal reasons. Therefore, the transaction records used were between 1960 and 1983.

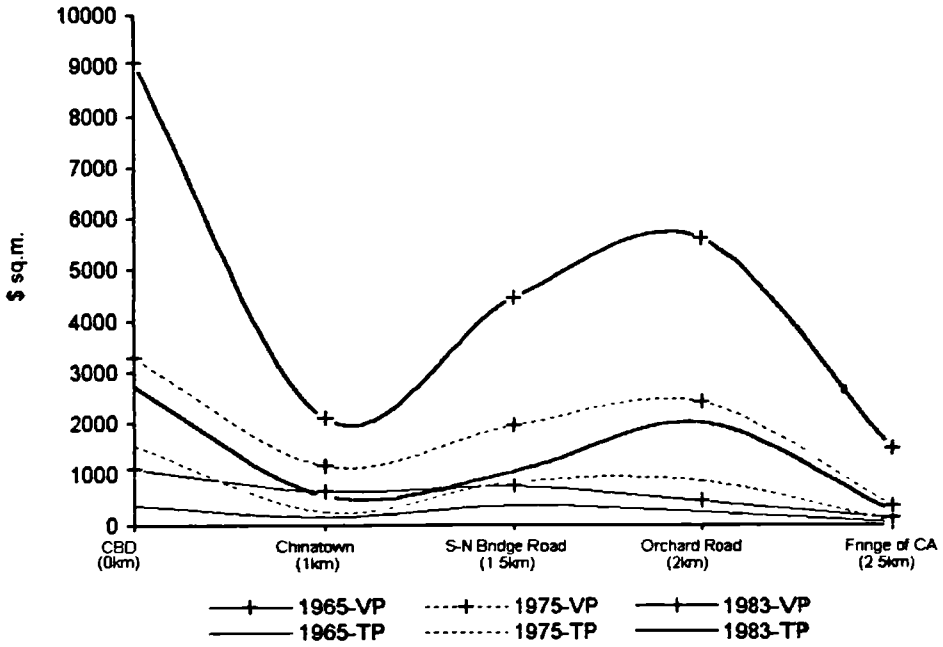
Table 6.2.1 Property Values in Shophouse Areas, Singapore, 1964-1983

	Golden Shoe (CBD)	*Telok Ayer and Kreta Ayer(0.5km)*	*Tanjong Pagar(1km)*	*South-North-New Bridge Road(1.5km)*	*Orchard Road(2km)*	*Fringe of Central Area(2.5km)*
			Vacant			
1964	883	530	576	622	388	116
1965	1111	659	716	773	482	144
1966	1262	748	812	877	547	164
1967	1462	890	967	1044	651	195
1968	1612	1072	1165	1258	632	207
1969	1623	1294	1406	1518		240
1970	1634	1414	1537	1659	832	268
1971	2064	1325	1697	2068	1204	293
1972	2688	1398	2011	2624	1306	299
1973	4913	1599	2150	2700	2158	398
1974	4503	1382	1845	2308	2436	344
1975	3280	1168	1560	1951	2410	364
1976	4418	2069	2762	3455		409
1977	6031	2069	2762	3455	2434	433
1978		1904	2541	3179	2920	458
1979	6746	2053	2740	3428	4279	577
1980	7324	2202	2939	3677	4499	838
1981	7902	2351	3138	3926	4872	1197
1982	8481	2510	3351	4192	5244	1161
1983	9059	2669	3563	4457	5616	1506
			Tenanted			
1964	353	144	245	346	249	48
1965	403	161	274	387	279	54
1966	476	191	325	459	330	64
1967	509	204	347	491	353	68
1968	628	245	417	589	376	72
1969	1002	275	468	661	550	108
1970	1100	272	463	654	582	100
1971	1092	267	476	684	633	104
1972	1074	292	282	271	502	106
1973	1451	325	546	767	838	143
1974	1262	296	617	937	515	100
1975	1559	267	555	844	872	87
1976	1677	325	678	1030	938	119
1977	2116	189	393	598	1003	123
1978	1584	210	438	666	1069	126
1979	1921	281	586	890	1461	182
1980	2129	293	611	928	1621	164
1981	2336	307	640	972	1700	224
1982	2544	317	661	1005	1902	226
1983	2729	329	686	1043	2027	275

Data Source: SISV Computer Database, 1995

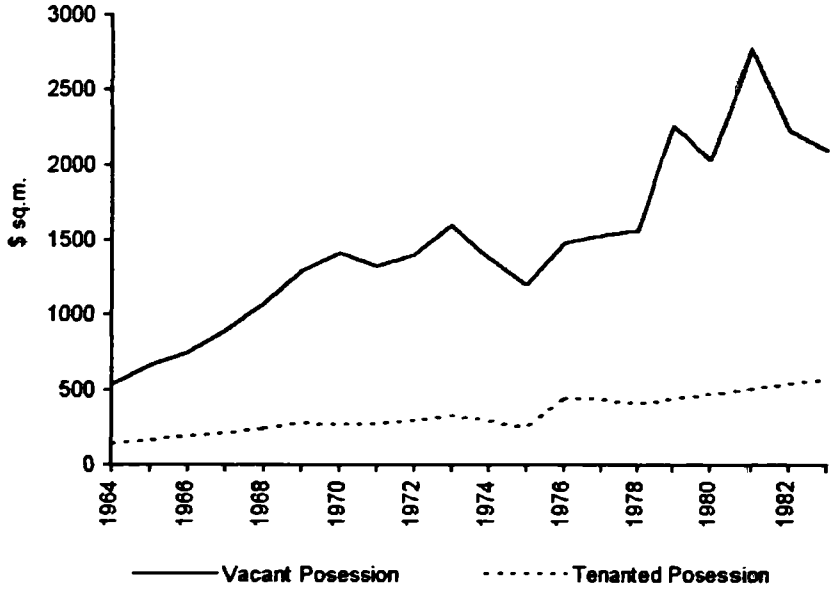
redeveloped into high-rise office and commercial buildings, thereby the prices for vacant shophouses jumped greatly. This tendency was reinforced in the 1980s. The gaps in values in areas located within 1.0-1.5 km distance away from the CBD also widened while more urban renewal projects were undertaken on the fringe of Chinatown and

Figure 6.2.1 Distribution of Property Values, Singapore



Source: Appendix 1.26

Figure 6.2.2 Property Values in Chinatown, Singapore



Source: Appendix 1.26

many shophouses along the main roads, such as Tanjong Pagar Road, North and South Bridge Road, were redeveloped. Apart from Chinatown, the disparity of values in the above areas was more than two and half times bigger than in the previous period. The disparity of land values between vacant possessions and tenanted possessions in Chinatown was obviously smaller than that in other places in the Central Area.

As can be seen from Figure 6.2.2, land values in Chinatown dropped significantly during 1974-75 and 1982-83. I have mentioned in the previous chapter that Singapore's property booms occurred in the mid-1970s and the mid-1980s. The increasing supply of floor space generally would lead to the decrease in property prices and as a result, land values might have been brought down at the same time. Yet land values in Chinatown declined almost immediately after the property booms started. Compared with the other four areas, land values in Chinatown during boom periods drooped more significantly (Table 6.2.2). This development could be partly ascribed to the government's public housing and urban renewal policies. The former emphasised new town development at the periphery after the 1970s in order to remove the majority of population from the overcrowded Central Area, and the latter first targeted the CBD and Orchard Road in the Central Area, thus neglecting those ethnic areas where land was less available. As public and private investment flowed into other parts of the city during the property booms, physical development in Chinatown was relatively slow, and land in this area was devalued.

Also, in Chinatown, land values of tenanted possessions were constantly lower than those of vacant possessions. There was an increasing disparity between the two sets of values. According to the rent-gap hypothesis, the larger the gap, the more profit could be generated by offering the land for its best and highest use. Yet as mentioned, in comparison with other places in the Central Area, the disparity of the two values in Chinatown was not so significant. Also, during the boom periods, the gap decreased as land values of vacant possessions sharply declined. Since the disparity of land values represents a possible opportunity for reinvestment, shophouses in Chinatown seem to have provided less profitable prospects than those in other places in the Central Area.

The change in land use in Chinatown must be emphasised here for a proper understanding of the development of the locality. Historic data on land use were generated from the land-use surveys conducted by the URA in 1978 and 1983 respectively. Land

use prior to 1978 could not be studied since there was an absence of data. There were 923 data from the 1978 survey and 779 data from the 1983 survey. For analytical purposes, these data were grouped into four classifications: commercial use, residential use, office use and vacant. The first classification (commercial use) was further divided into sub-categories for understanding the change in commercial activities in this area. These sub-categories were: first, locally specific trade, including local food outlets (Chinese, Indian and Malay food shops), wet provisions (butchers, vegetable and wet spice stalls), dry provisions (general provisions, traditional medicines) and special trades (Chinese, Indian, Arab traditional retail shops); second, general trade and services, including barbers, pawnshops, clinics, tailors, etc.; third, recreational services, including fast food, restaurants, pubs, entertainment establishment, etc. The percentage share of each use was also calculated. I also made Tanjong Pagar a separate category. Since this was the sub-area of Chinatown where conservation was first initiated, separate data for it might help to examine the situation more precisely.

The first thing to be noted in Table 6.2.2 is that the ground floors of shophouses in Chinatown were dominated by commercial use over time. In 1978, about 56.3 per cent of ground-floor space was for commercial use. The percentage share rose to 66.7 per cent in 1983, a gain of 10.4 per cent increase over that time. More precisely, there was a 16.3 per cent increase of locally specific trade, and a 4.7 per cent reduction in general trade and services. Residential use accounted for 30.4 per cent of ground-floor space in 1978 and decreased to 20.2 per cent in 1983. There was a 10.2 per cent reduction in residential use. Office use was only 15.9 per cent in 1978 and 12.1 per cent in 1983.

The upper floors of shophouses were dominated by residential use but office use displayed a significant increase through time. Residential use accounted for 86.7 per cent on the second floor, and 86.1 per cent on the third floor in 1978. The figures slipped by 24 per cent and 22 per cent over time, and the percentage shares reduced to 62.4 per cent and 64.3 per cent in 1983. Office use increased from 9.1 per cent to 24.9 per cent on the second floor, and from 4.9 per cent to 14.9 per cent on the third floor. This means that office use increased 15.8 per cent and 10 per cent respectively. Commercial use on the second floor also gained 6.5 per cent increase through time, as a result of the growth of locally specific trade. In addition, there was an increasing presence of vacant units on

Table 6.2.2 Land Use Change in Chinatown Historic District (1978, 1983)

	1978	*1983*	*1978*	*1983*	*1978-1983*
Land Use Pattern	*Number of Shophouses*		*% of Total*		*% Change*
Ground floor					
Vacant	16	8	1.7	1.0	-0.7
Commercial use	520	519	56.3	66.6	10.3
Locally specific trade	178	277	19.3	35.6	16.3
General trade and service	230	157	24.9	20.2	-4.7
Recreational service	112	85	12.1	10.9	-1.2
Residential use	281	157	30.4	20.2	10.2
Office use	106	95	11.5	12.2	-0.7
Total	923	779	100.0	100.0	-
Second floor					
vacant	3	15	0.3	1.9	1.6
Commercial use	40	84	4.3	10.8	6.5
Locally specific trade	3	38	0.3	4.9	4.6
General trade and service	2	8	0.2	1.0	0.8
Recreational service	35	38	3.8	4.9	1.1
Residential use	800	486	86.7	62.4	-24.3
Office use	84	194	9.1	24.9	15.8
Total	923	779	100.0	100.0	-
Third floor					
Vacant	30	100	4.8	19.1	4.3
Commercial use	14	5	2.2	0.9	1.3
Locally specific trade	0	0	0.0	0.0	0.0
General trade and service	0	0	0.0	0.0	0.0
Recreational service	14	5	2.2	0.9	1.3
Residential use	541	337	86.0	64.3	-21.7
Office use	30	77	4.8	14.7	9.7
Total	629	524	100.0	100.0	-

Source: Field Survey in 1996; Urban Redevelopment Authority Singapore.

the third floor; the share of floor space changed from 4.9 per cent in 1978 to 19.3 per cent in 1983.

Several trends in land use in Chinatown could be observed before the conservation plan started. Firstly, commercial use was expanding and replacing residential use on the ground floor. Office use was also increasing and mainly replaced residential use on the upper floors. Therefore, it was clear that commercial and office uses already took some of the floor space which was previously occupied by residential use. Second, the overall residential use in this area decreased as a result of the out-move of local residents. The decline in residential use could be seen as the main reason for the decrease in general trade and services, since they were mainly sustained by the residential population. Third, the expansion of commercial use could be attributed to the growth of locally specific trade. This indicates that retail businesses related to traditional activities were still very strong in competition with other commercial activities.

Tanjong Pagar was an unique case amongst the four sub-areas in terms of its land use pattern. As shown in Table 6.2.3, the ground floors of shophouses were dominated by commercial use in 1978 but the percentage share decreased in 1983 for the reason that some of the floor space was left vacant. In 1978, about 53 per cent of ground-floor space was for commercial activities. The percentage share slipped by 20.3 per cent and reduced to 32.7 per cent in 1983. In detail, there was a 21.1 per cent reduction of general trade and services and 6.2 per cent decrease of recreational services. Interestingly, even though commercial use was in decline, there was a 16.3 per cent increase in locally specific trade. Residential use accounted for 30.0 per cent of ground-floor space in 1978 and reduced to 2.0 per cent in 1983. There was a 28 per cent decrease in residential use in total. Most importantly, in 1983, 53.2 per cent of ground floor space was left vacant. The upper floors were dominated by residential use in 1978 but most of them were

Table 6.2.3 Land Use Change in Tanjong Pagar (1978, 1983)

	1978	*1983*	*1978*	*1983*	*1978-1983*
Land Use Pattern	*Number of Shophouses*		*% of the Total*		*% Change*
Ground floor					
Vacant	3	77	1.1	53.2	52.1
Commercial use	139	47	53.0	32.7	-20.0
Locally specific trade	34	29	12.9	20.0	7.1
General trade and service	60	3	23.0	1.8	-21.2
Recreational service	45	16	17.1	10.9	-6.2
Residential use	79	3	30.0	2.0	-28.0
Office use	42	18	15.9	12.1	-3.8
Total	262	145	100.0	100.0	-
Second floor					
Vacant	0	0	0.0	0.0	0.0
Commercial use	21	23	8.0	16.0	8.0
Locally specific trade	0	15	0.0	10.0	10.0
General trade and service	0	1	0.0	1.0	1.0
Recreational service	21	7	8.0	5.0	-3.0
Residential use	223	10	85.0	7.0	-78.0
Office use	18	112	7.0	77.0	70.0
Total	283	168	100.0	100.0	-
Third floor					
Vacant	4	24	4.0	42.0	38.0
Commercial use	7	2	7.0	3.0	-4.0
Locally specific trade	0	2	0.0	3.0	3.0
General trade and service	0	0	0.0	0.0	0.0
Recreational service	7	0	7.0	0.0	-7.0
Residential use	89	3	86.0	6.0	-80.0
Office use	3	28	3.0	49.0	46.0
Total	104	58	100.0	100.0	-

Source: Urban Redevelopment Authority, Singapore.

replaced by office use or left vacant in 1983. Residential use accounted for 86.7 per cent on the second floor, and 86.1 per cent on the third floor in 1978. In 1983, residential use almost disappeared on the upper floors and the percentage shares were only 7 percent on the second floor and 7 per cent on the third floor. On the contrary, office use witnessed a remarkable increase, accounting for 77 per cent on the second floor and 49 per cent on the third floor. Most importantly, it is also noted that in 1983, about 42 per cent of third-floor space was left vacant.

However, the decrease in commercial activities and the large number of vacant units in Tanjong Pagar appeared to have been exceptional in Chinatown. The main reason for a large number of shophouses being left vacant was that a triangular area on the western side of Tanjong Pagar Road with 279 shophouses was acquired in 1981 by the housing authority for public-housing development. Because there were subsequent changes in government policy to discontinue public-housing construction in the Central Area, these shophouses were handed to the URA in 1983 for commercial development. During this process, many residents and commercial premises on the ground floor were resettled to the public estates. Interestingly, under these circumstances, the total number of locally special trade in Tanjong Pagar almost remained the same. This once again proves that locally specific trade was more attached to the locality than other commercial activities.

Additionally, as an extension to the financial district, Tanjong Pagar witnessed a larger presence of office activities than Chinatown as a whole. This could be attributed to urban redevelopment in this area initiated by the URA after the late 1970s. Office and commercial buildings already took over most of the land in the southern part of Tanjong Pagar. Many small and medium sized firms which could not find floor space in these high-rise buildings, but demanded a good location closer to the centre, considered renting shophouses in Tanjong Pagar as an alternative solution. These firms began to operate on the upper floors of shophouses as the residential population had gradually moved to the public estates.

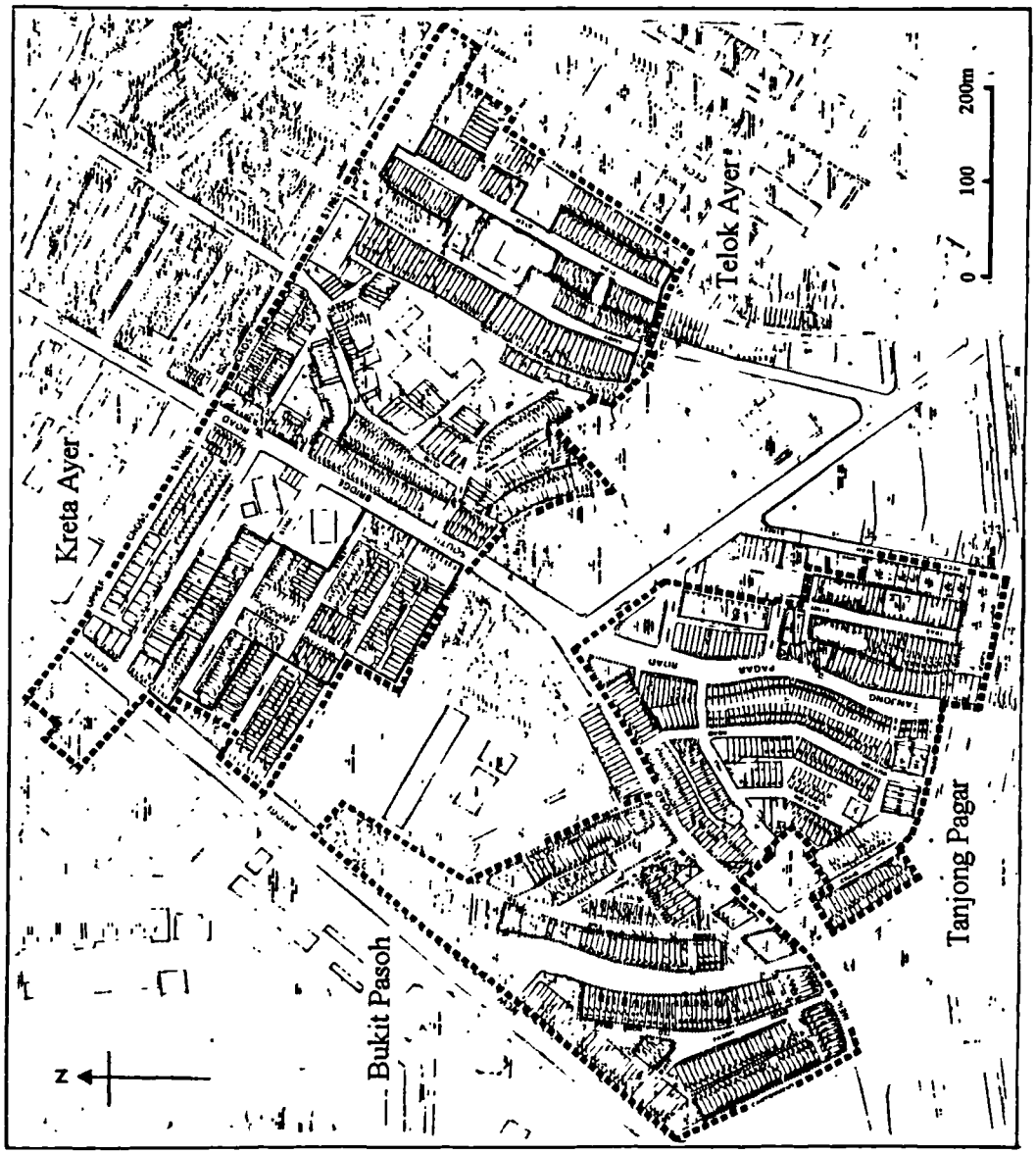
6.3 'Raising a Phoenix from the Ashes': A Chinatown Fairy-Tale?

The Chinatown Historic District was designated under the Conservation Master Plan in 1985. It was composed of four sub-areas of Chinatown with a total number of 1,111 old

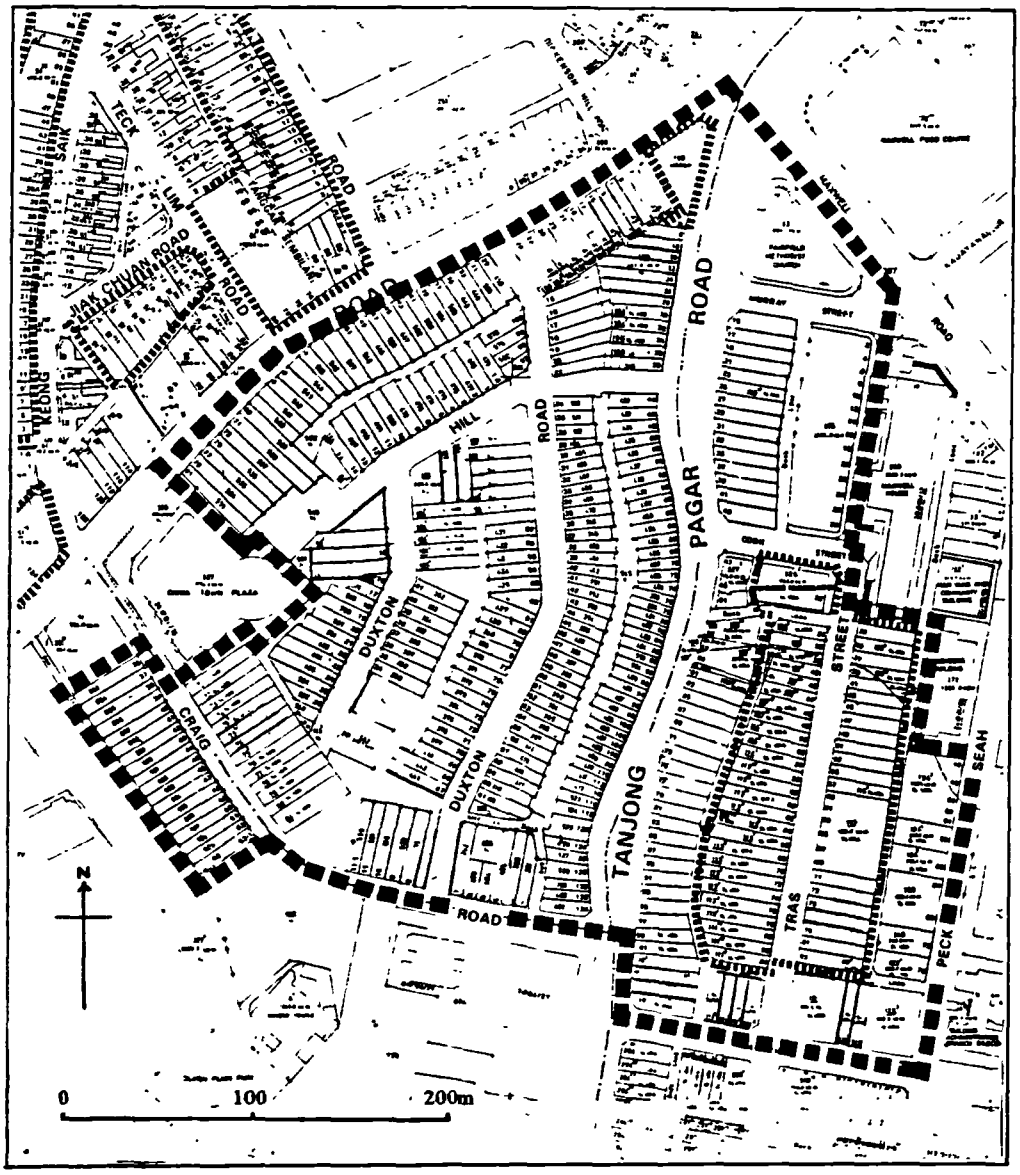
shophouses gazetted for conservation. Shophouse conservation in the CHD first started in 1987, involving 279 shophouses in a triangular area bounded by Tanjong Pagar Road and Neil Road in Tanjong Pagar (Map 6.3.1-2). The reason, as mentioned before, was that most of these shophouses had been acquired by the HDB and handed to the URA at the beginning of the 1980s. When the conservation plan arrived, these shophouses were already under public ownership. Also, Tanjong Pagar developed much later than other sub-areas such as Telok Ayer and Kreta Ayer. The physical structure of shop-houses and the overall streetscape in this area were in relatively better condition. This would make restoration easier.

However, during 1986-88, 32 out of 279 shophouses were restored by the URA as a pilot project. Decorative features of shophouses such as ornamental plastework and woodwork were preserved with the damaged and missing ones restored. The internal structure of shophouses was upgraded, including the replacement of all timber floors and staircase, roof members and tiles; also the installation of water supplies, sanitary system, sewer and electricity. This project cost the authority a total amount of S$ 4.2 million for rehabilitation and over S$ 7.1 millions for basic infrastructure and service. When this project was completed in 1988, shophouses were handed to the Pidemco Land, a wholly-owned subsidiary of the URA, and rented out on two or three years leases (Straits Times, 7, Oct. 1988; Business Times, 24, Oct. 1994).

The remaining 247 shophouses in this area were sold to private investors by tender during the period 1987-89. At the same time, the URA introduced a plan in furtherance of the quality of physical environment in Tanjong Pagar. Infrastructure improvement was carried out through the co-operation with other authorities. For instance, the Public Works Department reinstated the original backlanes to provide service access to shop-houses from the rear. The Public Utilities Board surveyed the proper substation sites for public facilities to be installed. The Ministry of Environment helped to clean up streets and remove unsuitable activities. The URA itself was responsible for upgrading the pedestrian system including pavements, plants and street furniture. To make sure that shophouse renovation by the private sector proceeded at the same time as infrastructure was installed, private investors were given a standard two-month rent-free period to decorate their premises.



Map 6.3.1 Chinatown Historical District



Map 6.3.2. Tanjong Pagar Conservation Area

As shophouses in the CHD were all exempted from the rent-control legislation in 1989, private owners were expected to repossess their shophouses from tenants and begin to restore them under the guidelines laid down by the authority. To accelerate this process, the URA started another pilot project in Kreta Ayer in 1989 which involved the restoration of a block of 45 shophouses bounded by Sago Street, Trenganu Street, Smith Street and South Bridge Road. The whole project took eighteen months to finish and the total cost was S$ 5.4 million. After restoration, 26 shophouses fronting South Bridge Road and Sago Street were sold to private investors on a 99-year lease. This sale attracted 93 bids and brought up S$ 23 million in return. The remaining 19 units were handed to Pidemco Land (Straits Times, 18, Jan., 1991).

Generally, if private owners failed to act before the deadline fixed by the authority, their shophouses would be acquired and sold to other private investors through the tender system. This measure in fact was inherited from a long-established paradigm in urban redevelopment which created a partnership between the public sector and large private capital in physical development. The exercise of compulsory acquisition and the land-sale scheme were not uncommon in the CHD. During the period 1990-95, in order to complete conservation in Tanjong Pagar, the URA acquired the remaining 104 shophouses in an area bounded by Tanjong Pagar Road, Gopeng Street, Peck Street, and Maxwell Road, and sold them by tender or auction. Adding to the 247 shophouses which

Table 6.3.1 Shophouses in the Chinatown Historic District Sold by Tender, 1987-1995

Year	*Sub-areas of Chinatown Historic District*	*Number of Shophouse*	*Number of Land Parcel*	*Number of Bidder*
1987	Tanjong Pagar	38	16	84
1988	Tanjong Pagar	67	28	98
1988	Tanjong Pagar	81	66	186
1989	Tanjong Pagar	93	80	153
1990	Telok Ayer	14	8	70
1991	Kreta Ayer	26(restored)	26	95
1991	Tanjong Pagar	28	20	87
1992	Tanjong Pagar	3	3	112
1993	Tanjong Pagar	27	22	136
1994	Tanjong Pagar	41	33	199
1994	Tanjong Pagar	15	7	72
1995	Kreta Ayer	14	13	77
Total		421	322	1369

Data Source: Skyline 1991-1995; Strait Times; Land Department of the URA, Singapore.

had been sold in the previous period, a total of 361 shophouses in Tanjong Pagar were sold to private investors. To give investors more options, several land parcels were combined into one single land parcel and contained a row of three or four shophouses. These shophouses were sold altogether to one investor. Compulsory acquisition also took place in other sub-areas in the CHD but the scope was relatively limited. Only a small number of 14 shophouses in Telok Ayer and 14 shophouses in Kreta Ayer were subsequently purchased and offered for sale. However, by the end of 1995, 421 out of 1,111 shophouses in the CHD were compulsorily acquired by the URA, re-divided into 322 land parcels and then sold through the tender system (Table 6.3.1).

The sale of shophouses appears to have been successful as each sale involved a great number of bidders. For instance, the sale of three shophouses in Tanjong Pagar in 1992 even attracted a total of 112 bidders. It shows that there was an growing interest by the private sector in shophouse investment. The enthusiasm of private investors also pushed up bidding prices over time. Interestingly, there was a disparity between the highest and the average bidding price in each sale. As can be seen from Table 6.3.2, the average bidding price of the sale of 87 shophouses in Tanjong Pagar in 1989 was only S$ 2,500 p.sq.m. land area, while the highest bidding price approached S$ 10,800 p.sq.m. land area. It indicates that bidders either had quite different evaluation of the economic

Table 6.3.2 Bidders and Bidding Prices in the Tender of Shophouses, Singapore, 1987-1995

Year	*Sub-areas of Chinatown Historic District*	*Number of Successful Bidders*	*Bid Won by Original Owners*	*Average Bidding Price($p.sq.m. land area)*	*Highest Bidding Price($p.sq.m. land area)*
1987	Tanjong Pagar	14	0	1,650	3,174
1988	Tanjong Pagar	28	1	1,671	7,200
1988	Tanjong Pagar	63	2	2,500	-
1989	Tanjong Pagar	87	4	2,500	10,800
1990	Telok Ayer	8	1	4,208	-
1991	Kreta Ayer	26	2	9,284	12,000
1991	Tanjong Pagar	20	2	4,044	9,513
1992	Tanjong Pagar	3	0	5,866	7,173
1993	Tanjong Pagar	22	2	10,129	12,575
1994	Tanjong Pagar	25	3	12,408	16,172
1994	Tanjong Pagar	7	0	12,408	13,611
1995	Kreta Ayer	13	1	15,773	19,333
Total		316	18		

Data Source: Skyline, 1991-1995; Strait Times, 1987-1994; Land Department of URA, Singapore

prospects of shophouses, or that they simply had different financial ability to enter the bid. This issue will be brought back to the discussion later.

To preserve the genuine characteristics of the physical setting of the CHD, certain constraints had to be imposed on the restoration of shophouses. The authority adopted a more pragmatic and flexible approach which allowed new additions, alterations, or extensions to historical buildings on condition that the visual quality of the original urban form could to some extent be maintained. The conservation area was divided into two grades. Shophouse restoration in the 'First-Grade Conservation Area' was required to preserve the external structure of the whole building but the rear portion of the building was allowed to be extended or topped up to the eaves of the main roof. In the 'Secondary Conservation Area', the first section of the building must be restored but the back portion was allowed to be entirely demolished. New extensions to the building had to be built following the official guidelines that ensured the scale and architectural expression were compatible to the main building conserved at the front.

To understand the progress of conservation in the CHD, I assessed a total number of 1,111 shophouses and then divided them into four main categories - dilapidated (also not in use), not restored, under restoration and restored - according to the stage of restoration. Restored shophouse were further divided according to their condition of occupancy to make the picture more precise. As can be seen from Table 6.3.3, about 56.6 per cent of shophouses in the CHD were already restored. There were 9.6 per cent under restoration, 25.8 per cent were not renovated and 7.9 percent were dilapidated. The occupancy rate of the restored shophouses was estimated at 77.6 per cent. Shophouse renovation in the CHD seems to have gradually gathered pace.

The stage of renovation also varied among four sub-areas. Shophouse renovation in Telok Ayer, the oldest part of the CHD, was relatively slow. About 48.1 per cent of shophouses were restored, 8 per cent under restoration and 31.2 per cent left unrestored. Approximately 70 per cent of the restored shophouses were occupied. Shophouse renovation in Tanjong Pagar, where the public sector had been largely involved, had made the biggest progress. About 71.5 per cent of shophouses in this area were restored, 8.9 per cent were undergoing restoration and only 19.6 per cent were left unrestored. The occupancy rate of the restored shophouses was 86.5 per cent, the highest in the CHD.

Table 6.3.3 Shophouse Renovation in the Chinatown Historic District, Singapore, 1995

Conservation Area	*Dilapidated*	*Not Restored*	*Under Restoration*	*Restored/ occupied*	*Restored/ Vacant*	*Total*	*Occupancy Rate*
Chinatown H.D.							
Number	88	287	107	488	141	1,111	-
% of the total	7.9%	25.8%	9.6%	43.9%	12.7%	100%	77.6%
Tanjong Pagar							
Number	0	57	26	180	28	291	-
% of the total	0.0%	19.6%	8.9%	61.9%	9.6%	100%	86.5%
Kreta Ayer							
Number	34	72	24	109	37	276	-
% of the total	12.3%	26.1%	8.7%	39.5%	13.4%	100%	74.1%
Bukit Pasoh							
Number	13	57	31	90	29	220	-
% of the total	5.9%	25.9%	14.1%	40.9%	13.2%	100%	75.0%
Telok Ayer							
Number	41	101	26	109	47	324	-
% of the total	12.7%	31.2%	8.0%	33.6%	14.5%	100%	70.2%

Data Source: Field Survey Conducted by the Author in 1995

Land use in the CHD changed significantly in line with the renovation of the physical environment.[9] Commercial use was still the predominant use on the ground floor as it shared 62.4 per cent of total floor space. Yet there was a more complicated change in the nature of commercial use. Locally specific trade witnessed a reduction of 11 per cent after 1983 as the share of floor space declined to 24.3 per cent. Recreational service, which was a minority among the sub-categories of commercial use in the past, gained 7 per cent growth over time, and the percentage share jumped to 17.6 per cent. Residential use experienced a decrease of 8.3 per cent and the percentage share dropped to 11.7 per cent. It was countered by an increasing presence of office use. The percentage share gained 10.8 per cent growth over time and rose to 23 per cent (Table 6.3.4).

On the upper floors, residential use slipped by 32.4 per cent and 38 per cent on the second and the third floors. The percentage shares fell to 30 per cent and 26.5 per cent respectively. By contrast, office use gained 10 per cent increase on the second floor and 11 per cent on the third floor. The percentage shares became 34.9 per cent and 25.8 per cent respectively. Interestingly, among the sub-categories of commercial use, locally

[9] To compare land use with the previous analysis, I divided 1,111 shophouses in the CHD by main categories - vacant, commercial use, office use and residential use, also by sub-categories - locally special trade, general trade and service and recreational service. The percentage share of each use was also calculated.

specific trade and recreational service both shared more floor space than before. Their percentage shares increased about 3-5 per cent on each floor.

Land use in Tanjong Pagar experienced the most drastic transition. Commercial use was predominant on the ground floor with a percentage share of 66 per cent. Amongst the sub-categories of commercial use, recreational service increased to 29.8 per cent but locally specific trade declined to 18.1 per cent. Office use accounted for 30 per cent, 59.1 per cent and 38 per cent on each floor-level. Residential use only shared 0.2 per cent of floor space on the ground floor, 1.0 per cent on the second floor and completely disappeared on the third floor.

In short, since the conservation plan started in the CHD, several changes in land use could be identified. Commercial use maintained its dominance on the ground floor owing

Table 6.3.4 Land Use in the Chinatown Historic District, Singapore, 1995

	Chinatown Historic District			*Tanjong Pagar*		
	1995	*1995*	*1983-1995*	*1995*	*1995*	*1983-1995*
Land use pattern	*Number*	*% of Total*	*% Change*	*Number*	*% of Total*	*% Change*
Ground floor						
Vacant	31	2.8	2.0	11	3.9	-4.9
Commercial use	674	62.4	-4.0	192	65.9	33.0
Locally specific trade	270	24.3	-11.0	53	18.1	-2.0
General trade and service	208	20.5	0.0	52	18.0	16.0
Recreational service	196	17.6	7.0	87	29.8	19.0
Residential use	130	11.7	-8.0	1	0.2	-2.0
Office use	276	23.0	11.0	87	30.0	18.0
Total	111	100.0	-	291	100.0	-
Second floor						
vacant	144	13.0	11.0	50	17.2	17.0
Commercial use	246	22.1	11.0	66	22.7	7.0
Locally specific trade	91	8.2	3.0	20	7.0	-3.0
General trade and service	44	4.0	3.0	17	5.9	5.0
Recreational service	111	10.0	5.0	29	9.8	5.0
Residential use	333	30.0	-32.0	3	1.0	-6.0
Office use	388	34.9	10.0	172	59.1	-18.0
Total	1111	100.0	-	357	100.0	-
Third floor						
vacant	215	25.8	7.0	64	55.0	13.0
Commercial use	91	11.0	10.0	8	7.0	4.0
Locally specific trade	29	3.5	4.0	2	2.0	-1.0
General trade and service	22	2.6	3.0	3	3.0	3.0
Recreational service	40	4.8	4.0	2	2.0	2.0
Residential use	220	26.5	-38.0	0	0.0	-6.0
Office use	215	25.8	11.0	44	38.0	-11.0
Total	832	100.0	-	116	100.0	-

Source: Field Survey Conducted in 1995

to the growth of recreational service. Locally specific trade decreased substantially. Some businesses moved to the upper floors and took some space which had been under residential use. Office use was becoming the major sector in this area. It replaced residential use on the upper floors, and took over some floor space on the ground floor which used to be occupied by commercial use. There was a substantial decline in residential use on each floor level, especially on the upper floors. Tanjong Pagar, as the first conservation area in the CHD, already faced a significant change from a residential community which associated with general and traditional trade to an enclave of offices and recreational activities. Hence, it is believed that land-use gentrification took place soon after the conservation process. Land use in the CHD would gradually transform from a mixture of traditional and residential uses to commercial and office uses (Straits Times, 2, Jul., 1989; 10, Sept., 1991).

After restoration, most of the shophouses were put into the sale or rental markets by their investors. It is argued that the selling prices and monthly rents of shophouses also rose up enormously. To understand the situation, shophouses in Tanjong Pagar, sold to developers for restoration as early as between 1987 and 1989, were put under a detailed examination.[10] Before conservation, the monthly rents of shophouses in the CHD were determined by a standard rate fixed by the Rent-Control Act. This rent was much lower than the market rate and was the major reason that sustained low-income population as well as traditional trades in this area. As can be seen from Table 6.3.5, in 1981, shophouses in Tanjong Pagar Road were rented out at an average price of S$ 0.5 p.sq.m floor area. The average monthly rent for shophouses in Duxton Road was only about S$ 0.3 p.sq.m. floor area.

However, these shophouses were exempted from rent control in 1987 and released to the rental or sale markets by their new owners during 1989-91. The average monthly rent of shophouses in Tanjong Pagar Road jumped to S$ 34.4 p.sq.m. floor area. The average monthly rent on the Duxton road also increased to S$ 33.6 p.sq.m. floor area. It means that shopowners only paid an average rent of S$ 62-81.7 for a shophouse unit before conservation, by then they had to pay an average rent of S$ 5,804-7,680 instead. For

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[10] Questionnaires concerning tender price, restoration cost, monthly rental income and sale price (if the property has been re-sold) were delivered a total of sixty-four selected shophouses and answered by their previous and current occupants (owners and tenants). Their information had also been re-confirmed by telephone interviews with the landlords and personal interviews with the tenants.

Table 6.3.5 Monthly Rent of Shophouses in Tanjong Pagar (1981, 1991)

Address	*Land Area (sq.m.)*	*Ground Floor Area(sq.m.)*	*Total Floor Area(sq.m.)*	*Monthly Rent(SP Dollars)*	
				1981	*1991*
Tanjong Pagar Road					
No.44	134.0	113.0	226.0	71.3	13,000
No.48	131.0	112.0	224.0	71.3	7,392
No.50	126.0	107.0	214.0	71.3	7,062
No.54	126.0	107.0	214.0	35.3	7,062
No.66	103.0	87.5	175.0	62.5	5,775
N0.68	103.0	87.5	175.0	51.0	5,775
No.70	103.0	87.5	175.0	51.0	5,775
No.80	92.5	80.9	161.8	76.0	5,339
No.84/86	183.0	155.0	310.0	150.0	10,230
No.89/90	195.0	158.0	316.0	220.0	10,428
No.92/94	205.0	169.0	338.0	171.2	11,154
No.96/98	216.0	183.0	366.0	160.0	12,078
No.100/102	184.6	158.3	316.6	128.6	10,448
No.108/110	87.0	74.0	148.0	120.0	4,884
No.124/126	159.0	135.0	270.0	182.0	8,910
No.128	126.0	101.0	202.0	100.0	6,666
No.130/132/134	293.0	287.0	574.0	402.0	18,942
Average Monthly Rent (S$ p.sq.m.)				0.5	34.4
Average Monthly Rent (S$ per unit)				81.7	5,804.6
Duxton Rd					
No.24	113.0	96.0	192.0	70.0	11,250
No.29	107.0	91.0	182.0	32.1	6,006
No.31	103.0	93.8	187.6	55.0	6,191
No.32	104.0	88.0	176.0	57.0	5,808
No.34	107.0	91.0	182.0	26.3	6,006
No.36	116.0	98.6	197.2	35.0	6,508
No.37	121.0	100.0	200.0	35.0	6,600
No.38	122.0	103.7	207.4	36.0	6,844
No.39	125.0	106.0	212.0	35.0	6,996
No.41	117.0	99.0	198.0	46.4	6,534
No.42	122.0	103.7	207.4	110.0	6,844
No.43	116.0	98.6	197.2	55.9	6,508
No.45	106.0	91.4	182.8	50.0	6,032
No.47	115.0	98.0	196.0	75.0	6,468
No.52/53	229.0	194.6	389.2	62.6	12,844
No.54	120.0	102.0	204.0	31.3	6,732
No.61	121.0	102.8	205.6	75.0	6,785
No.70/71	326.0	271.0	542.0	98.6	17,886
No.72/73	326.0	277.0	554.0	110.4	18,282
No.74/75	260.0	221.0	442.0	101.8	14,586
No.76/77	268.0	227.0	454.0	144.0	14,982
No.78/79	264.0	224.0	448.0	124.4	14,784
No.80-87	1064.0	904.0	1,808.0	640.0	59,664
Average Monthly Rent (S$ p.sq.m.)				0.3	33.6
Average Monthly Rent (S$ per unit)				62.0	7,680.6

Data Source: Questionnaire Survey Conducted in by the Author in August, 1995; Inland Revenue Department of Singapore.

instance, No. 44 Tanjong Pagar Road, a two-floor shophouse located at the junction of Tanjong Pagar Road and Duxton Hill, was occupied by a dry-food business which paid a monthly rent of S$ 71.3 in 1981. After restoration, this building was rented to a luxury Chinese restaurant in 1991 at a monthly rent of S$ 13,000 - the highest rent in this area. The shophouse at No. 24 Duxton Road was another typical case. It was occupied by a traditional-craft shop which paid a monthly rent of S$ 70. Under the conservation plan, this three-generation business gave way to a four-star modern hotel which paid a rent of S$ 11,250 per month.

Table 6.3.6 indicates that after restoration, a total number of 25 shophouses in Tanjong Pagar were sold to other investors. Four out of them were sold twice during five or six years. For instance, the shophouse at No. 73 Tanjong Pagar Road was sold by tender in 1991 at a price of S$ 3,185 p.sq.m. land area. After restoration, which took about two years, the original bidder directly sold it to the second owner at a price of S$ 18,675 p.sq.m. land area. The second owner again sold it at a price of S$ 20,529 p.sq.m. land area a year later, which meant that a handsome profit of S$ 0.4 million in total could be easily obtained from this transition.

The rise in shophouse values did not only affect the rental and re-sale markets but also the bidding prices in the subsequent sale (Straits Times, 11, Nov., 1993). The bidding prices have soared as fast as the rent and re-sale prices. The average bidding price of shophouses in Tanjong Pagar was S$ 1,650 p.sq.m. land area during the first sale in 1987. It increased to S$ 4,044 p.sq.m. in 1991 and soared to S$ 12,408 p.sq.m. in 1995. The bidding price in the latest sale in Tanjong Pagar was almost eight times higher than that in the earliest sale (Table 6.3.2).

Land use and land rent after conservation were sharply different from those in the preceding period. The gentrification of land use could not be separated from the rise of land rent since they had a mutual relationship with each other. Nevertheless, there were other crucial factors which helped to determine this change. Firstly, the location of Chinatown provided several advantages, such as relatively low property values and walking distance to the financial district. Commercial and office uses in the CHD had already to some extent replaced residential use before the conservation plan started. Many small- and medium-sized firms rented shophouses in the CHD, especially in Tanjong Pagar. It was estimated that about 12.1 per cent of ground floor space and 77

Table 6.3.6 Bidding and Re-sale Price of Shophouses in Tanjong Pagar (Vacant Possession)

	1987	*1988*	*1990*	*1991*	*1993*	*1994*	*1995*
				S$p.sq.m. Land Area			
Tanjong Pagar Rd.							
No.71				*4,136		6,975	14,320
No.73				*3,185		18,675	20,529
No.75				*3,389			19,594
No.88/90		*1,483			1,2531		
No.92/94		*1,608					7,692
No.100/102		*1,444				11,876	
No.110		*1,208				18,486	
No.130/132/134		*3,068				10,013	
Duxton Rd.							
No.31	*1,296					12,899	
No.37	*1,108						11,983
No.43	*1,108					14,227	
No.47/48		*1,206				12,341	
No.49/50		*1,633			9,392		
No.51		*1,633			9,521	12,829	
Duxton Hill							
No.34		*1,600		7,770		14,374	
No.37		*1,550			16,697		
No.39		*1,550			15,416		
No.44	*2,115		8,015				

Data Source: Urban Redevelopment Authority, Singapore; Field Survey Conducted by the Author in 1995.
Note: * The Price of the Winning Bid in Tender

per cent of second floor space had been taken by offices in 1983 (Table 6.2.2). During the conservation process, infrastructure and services in the CHD were largely improved. Private investors could normally obtain a row of three or four shophouses together as one land parcel, and alter the internal structure in terms of their own need. In view of a fact that small- and medium-sized firms in the service sector were searching for places in a location close to the CBD, investors renovated shophouses to accommodate the new demand. Consequently, the supply was increased and more floor space was taken by offices.

Secondly, for the authority, the priority in shophouse restoration was given to retaining important architectural elements and the visual quality of the overall environment. The protection of housing stock and traditional trade in the conservation area was very limited:

> If the future use of shophouses complies with our planning regulations, even it happens to enable someone making huge profit out of cheap office or commercial space, what is wrong with that?.... Lifestyle has been changing ever since shophouses were built. I think life style at the time of conservation is only a snapshot in historical progression. There is no earthly reason to say that you must freeze it at the point of restoration.
>
> (Informant S.8)

Shophouses in the conservation area were exempted from the zoning regulation laid down by the Master Plan. Initially, the ground floors of shophouses were designated for commercial use and the upper floors were restricted for residential use according to the land-use plan of the Central Area. Under the conservation guidelines, shophouses could be used for residential use or commercial use except for polluting uses, industry, storage and obnoxious trades. The CHD was exempted from rent control after the late 1980s and property values were no longer repressed by regulation. Market demand and the exercise of the Sale of Site Programme both added to the latent inflation of property prices. The authority took a stance of 'survival of the fittest' with regard to land use in the conservation area and as a result, the ultimate use of shophouses was entirely left to market forces (Straits Times, 29, Jul. 1990). Under these circumstances, the change to higher-rank land use appears to have been inevitable.

The authority introduced some measures aiming at 'enabling the traditional ambience to be retained through the restoration and adaptive reuse' (URA, 1991b, Section 2.2). Several blocks of shophouses where activities and trade traditionally located were defined as the 'Core Areas'. Commercial uses such as banks, pubs, fast-food stores or supermarkets, generally referred to as 'incompatible trades' by the authority, were restricted in the core areas. Retail businesses such as traditional food outlets, wet and dry provision shops or special trade were encouraged. Office use was also not allowed on the ground floors, but permitted on the upper floors of shophouses. In actual practice, the core areas of the CHD were located in Kreta Ayer and Telok Ayer. Tanjong Pagar and Bukit Pasoh were completely free from this regulation (URA, 1995). The core areas covered a total of 214 shophouses or about 18 per cent of the shophouses in the CHD. Apart from the designation of the core areas, the authority did not provide any substantial assistance to the locally specific trades that previously existed in the conservation area. Although most retail businesses were enthusiastic to return to the core areas, without financial aid or rent control, they were very vulnerable under the threat of rising rent and the loss of local ambience (Business Times, 3, Mar., 1991).

The issue of preserving traditional trade and life style has been universally debated in conservation endeavours and more so in the developing countries, where traditional trade appears to be under economic and social pressures to fade away. As mentioned before, from 1978 to 1983, there was a total of 16.3 per cent increase of locally specific

trade on the ground floors of shophouses in the CHD. In the sub-area such as Tanjong Pagar, even though commercial use was in decline owing to the resettlement of commercial premises led by the housing authority, there was still a 7 per cent increase in locally specific trade. This sector was composed of local food shops, butchers, vegetable and wet spice stalls, dry-food provisions, traditional medicines and special trades related to Chinese, Indian and Arab traditional activities. They did not only serve individuals who lived or worked in shophouse areas but also the majority of the ethnic population on the island. It was particularly important for the minority groups such as the Indians and the Malays, since these traditional activities have been the major source to sustain a culturally-specific way of life.

However, the URA's measure regarding traditional lifestyle and activities in the conservation area seems to have been too simplistic. Land use in the conservation area was quickly gentrified as a result of the deregulation of land rent and land use. The restored shophouses became a solution for businesses and firms which required office space in a location close to the CBD, and also an opportunity for recreational services which mainly catered for the white-collar working population. This development process was not without undesirable consequences. Firstly, the displacement of traditional trades and activities in the conservation area devastated the unique ambience the locality once possessed. For people who were culturally articulated to the locality, the outcome of conservation was obviously disappointing. The URA was blamed for its 'criminal intention in letting beauty die' [11]

> I remember the very long communal tables and benches on the street where all families and friends sat alongside one another and had their food. The waiters with towels thrown over their shoulders sang orders to the cooks. Orders were never written down but, amazingly, you always got what you ordered...For us, the spirit of Chinatown has disappeared. Regret will never bring back the street culture that has been lost in this place. Urban planners, property developers and private investors may argue that they are cleaning out poverty. I think that they are regardless of whatever they destroy.
>
> (Informant S.10)

Since shophouse renovation became the most buoyant sector in the property market and there was a lack of measures to interfere with the play of market forces, speculative investment seems to have been inevitable. Property developers viewed shophouses as 'the goose which lays the golden egg' (Straits Times, 29, Jul., 1990). Many of them took

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[11] Straits Times, 31, Oct., 1991; 18, Apr., 1992; Roots, May, 1992, pp. 2,7.

part in conservation for a quick profit. Although the URA intended to maintain the quality of restoration through technical guidelines, it did not guarantee that shophouses could be restored to the same quality. Some developers paid a relatively low cost for restoration. They did not pay much attention to the original structure and the foundation, just decorated the internal space and painted the facade, then rented it out quickly. As a result, shophouses 'look just like houses we see in a cartoon' (Informant, S.4).

> Our old shophouse now is occupied by a publishing company and a coffee house. Six months ago my father and I past through this area and we could not recognise our old shophouse. We then realised that the new owner actually re-painted the front facade of the building with a very strange pink colour. My father felt ridiculous and disgusted because our shophouse looks like a eighty- year old women wearing a heavy make-up. Since then he never goes back to visit, even though the shophouse is very near to us.
>
> (Informant, S.12)

The future of commercial activities in the conservation area, especially retail businesses, was also questionable. The locality already lost the main character that attracted the majority of the population in the past.

> We do not even go back there for shopping. We go to Tanjong Pagar Plaza or Chinatown Complex because some traditional shops have moved there. These are the places you can find the busy crowd and the real life of the Singapore Chinese. Tourists also like to go where local people go. I have been told that doing business there is much better than in the conservation area.
>
> (Informant, S.5)

Owing to the speculative demand, the selling prices of shophouses were pushed up artificially. Therefore, after changing hands, the new owner would increase the rent to cover the cost. It made the entire business environment very unstable. The incoming commercial activities, especially retail businesses, were faced with unexpected difficulties. Retail businesses in Tanjong Pagar for instance, could not attract enough clients and their profit was also not enough to sustain the rising rent (Informant, S.9). In a customer count conducted in this area, there were only 102 customers and patrons visiting the shops and eating places on a typical weekday afternoon, and 124 on a weekend afternoon. The situation is no better in the evenings when a similar count yielded only 56 and 110 clients on a weekday and a weekend respectively.

> If you are a shopowner in Tanjong Pagar, you have more than enough time to watch videos. In fact, you can watch several re-runs before a customer walks in. This is a place hardly anyone comes for shopping. Business is so bad. Some shops do not even open. We are the third tenant in this shophouse. Before us there was a clog souvenirs shop and a herbal-tea shop. Businesses come and go easily. Not many businesses can survive more than two years.
>
> (Informant, S.2)

> There should be some forms of rent control. When property is hot, owners can do whatever they want. The rent has increased 40 per cent since we moved in. Small business like us can not survive because there is no rent control. We work just for paying the rent.... For the moment, I think no one is going to put his money down and says that the whole idea is a mistake. We are all tied to Tanjong Pagar.
>
> (Informant, S.3)

> The whole place has to be more viable. If you do not make effort, it goes down and down. We still expect that Tanjong Pagar will be successful in the long run. We do not know whether it will become an office district or an arts/craft district. It depends on market forces. We really like this shophouse and we will try two years more. If things still remain the same, then it is time to move.
>
> (Informant, S.4)

Although the conservation area was still appealing to a certain type of retail business, the out-movement of newly-established businesses was evident. The location of businesses in and out of this area which was unstable in its nature made the commercial atmosphere of the locality difficult to build up and vice versa. In the long term, Tanjong Pagar would probably resemble its adjacent financial district where not many activities took place after working hours. From the public point of view, Tanjong Pagar was changing from a centre of citizen's life to 'a virtual ghost town, a town 'hardly any one goes to' (Straits Times, 2, 29, Jul., 1990; Business Times, 3, Mar., 1991).

6.4 Agent Reconsidered: Property Developers on the Stage and the Absence of Local Community

Among the issues I broached above, it could be asserted that the policy itself did not have too definite an intention to prevent displacement or gentrification. During the late 1980s, a total number of 2,425 residents and 970 commercial premises were displaced from the Chinatown Historic District (URA, Annual Report, 1990/91). The original occupants of shophouses who eventually 'lost their properties for a good cause', felt betrayed. Numerous letters sent to newspapers demonstrated that the residential and commercial potential of conservation projects was exploited by the better-placed elite rather than the local residents (Straits Times, 11, Apr., 1990). This brings to the fore a more fundamental question: Who should be in a position to ensure a just allocation of cost and benefit and how they are defined. The role of the local community and private investors played in relation to the state thus needs to be carefully examined.

The URA emphasised that the government would work in close collaboration with the private sector since 'their efforts were critical to the success of conservation' (Ibid.,

30, Apr., 1990). Yet for the authority, investors who had large capital, such as property developers and construction companies, were favoured to carry out shophouse restoration in the conservation areas. The exercise of the Sale of Site Programme was a way that 'gives big investors who have not owned shophouses an opportunity to exercise their entrepreneurial role by contributing both finance and expertise to restoration' (Ibid., 21, Jan., 1991). Public incentives were also given to encourage their participation. As mentioned before, private investors could decorate shophouses in terms of their own need since new additions, alterations or extensions to shophouses were allowed to great extent. Rent-control and zoning regulations were removed to ensure shophouses could adopt the best use in the market. Apart from that, development charges would be waived if shophouse restoration was completed under the conservation guidelines.[12]

Shophouse investment soon became a growing sector in the property market. As discussed earlier, the property market failed in the late 1980s. Office and commercial buildings in the Central Area became more difficult to rent out, especially those units in larger sizes. Many property developers held a large number of vacant units in hand. Shophouses in the conservation area offered them a new investment opportunity:

> For businessmen, any new-move takes some risks. Yet we are very optimistic about investment in the CHD. Many small firms engaging in the service industry would like to rent places near the centre at cheaper prices. The internal structure of shophouses could be changed to fit the function of modern offices. The location is just right for small business. We think there is definitely a market there.
>
> (Informant, S. 15)

It seems that the anticipated value-increase after the removal of rent control and the scarcity of shophouses both have affected their business decisions:

> Shophouses are rent-control properties. It means that their values have been frozen for more than a century. On authority of the conservation guidelines, rent control will be abolished after restoration. Therefore, in any case, the rent will go up immediately following the normal logic of the property market.
>
> (Informant, S.17)

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[12] Development charge was first introduced by the Planning (Amendment) Ordinance in 1964. The underlying principle was that landowners who benefited from a written permission which permited development over and above that envisaged in the Master Plan should contribute to the state part of the benefit derived from the written permission. According to the Planning Act (amendent) in 1985, development charge should be paid to the state at a rate which was based on 50 per cent of the appreciation in land value arising from the grant of planning permission to develop over or above the prescribed densisity and use in the Master Plan.

> There are not too many shophouses left in this country, especially in the Central Area. Shophouses are some sort of scarce goods. From a developer's point of view, if you preserve them properly, they will only become more and more valuable in the future. I can say that there is a very small chance to fail.
>
> (Informant, S.16)

Most importantly, private investors seem to have been confident about the official policy. Since its beginning, the government has committed to the control of urban development through its heavy spending on building investment, consistent urban polices and well-established planning regime. Urban redevelopment in the past has established a solid public-private partnership through the Sale of Site Programme. Therefore, for private investors, the government's faith in the implementation of the conservation plans has for long been beyond doubt.

> We know the government very well. It could be difficult for them in the beginning; but we know that they are going to make it right anyway. The advantage you could gain from this government is that they are really efficient. They make clear rules for investors to follow. They also have good business sense and know how to make profit, both for private investors and for themselves
>
> (Informant, S.4)

The profit obtained from shophouse investment seems to have been the main drive for their participants. As can be seen from Table 6.4.1, the bidding prices for shophouses in Tanjong Pagar during 1987-89 ranged from S$ 1,108 p.sq.m. land area to S$ 3,174 p.sq.m. land area. The disparity of prices was due to different estimation of restoration cost and speculation of future profit. However, in average, the bidding price was about S$ 1,626 p.sq.m. land area. It means that private investors should have paid a bidding price of S$ 201,102 for buying a two-floor shophouse from the government. The average cost for restoration at that time was about S$ 728 p.sq.m. floor area. A two-floor shophouse would cost S$ 149,428 for restoration. This cost was equivalent to 75 per cent of the original bidding price. In general, private investors should have a necessary capital of S$ 350,000 to bid for a two-floor shophouse unit and to complete restoration work.

After restoration, if investors released shophouses onto the rental market, a two-floor shophouse unit could generate a rental income of S$ 80,859 every year. This income was equivalent to 20 per cent of the initial payment (including bidding cost, restoration cost, interest payment and maintaining cost, etc.). It meant that by renting out shophouses to companies or businesses, the initial payment could be returned within five years. If investors offered shophouses for sale, the average price for a two-floor shophouse unit

Table 6.4.1 Shophouse Investment in Tanjong Pagar by the Private Sector, 1995

Address	*Floor Area (sq.m.)*	*Bidding Price (sq.m.)*	*Bidding Cost (1987-88)*	*Restoration Cost (1989-90)*	*Annual Rental Income*	*Re-sale Income*	*Ownership*
				S$1,000 sq.m.			
Tanjong Pagar Rd							
No.44	226	2.1	283.4	169.5	156.0		Suhartanto and Mdm Hetty
No.48	224	1.9	255.8	168.0	10.9	1,050(90)	NG Chee Beng
No.50	214	1.6	202.9	160.5	16.0		Hern Yang Construction Ltd.
No.54	214	1.3	169.5	160.5	22.5		Hern Yang Construction Ltd.
No.66	175	1.3	138.7	131.3	6.4		Stragis Pte Ltd
N0.68	175	3.1	326.9	131.3	13.3		Chin Woo Athletic Association
No.70	175	1.9	205.9	131.3	27.7		Chin Woo Athletic Association
No.80	162	1.3	125.6	121.4	10.5		Cooperation Packaging Co Ltd
No.84/86	310	1.9	355.4	232.5	14.0		Chip Eng Leong Enterprise Ltd
No.88/90	316	1.4	289.2	237.0	11.7	1,980(93)	Vni Hock Development Ltd
No.92/94	338	1.6	329.6	253.5	13.0	1,300(95)	Shanghai Bank Co Ltd.
No.96/98	366	1.3	288.1	274.5	12.5		Mam Fong Oon Yong
No.100/102	317	1.4	266.6	237.5	11.0	1,880(94)	Lore Int Ote Ltd.
No.110	148	1.2	105.1	111.0	9.3	1,368(94)	Jian Fu Development Ltd.
No.124/126	270	1.5	243.3	202.5	12.2		Chan Fook Pong
No.128	202	1.6	202.9	151.5	10.2		Yamatai Plastic Industry
No.130-134	574	3.1	898.9	430.5	41.6	2,880(94)	Tp Lorner Ltd.
Duxton Rd							
No.24	192.0	2.1	239.2	144.0	135.0		Architects Team 3 Holdings
No.29	182.0	1.9	213.9	136.5	13.7		Singapore Chin Woo
No.31	187.6	1.2	133.5	140.7	5.7	1,210(94)	GE Contrade Pte Ltd
No.32	176.0	1.5	153.9	132.0	12.6		Eng Seng Cement Products Ltd
No.34	182.0	1.5	159.1	136.5	12.8		Greatearth ConstructionPte Ltd
No.36	197.2	1.1	128.5	147.9	52.2		Dr Lieu Lian SZE
No.37	200.0	1.1	134.1	150.0	50.5	1450(95)	Strofort Investment Ltd
No.38	207.4	1.1	135.2	155.6	55.8		Pek Tiong Seng
No.39	212.0	1.2	152.9	159.0	11.5		Thye Cheong Realty Pte Ltd
No.41	198.0	1.1	129.6	148.5	57.6		Thye Cheong Realty Pte Ltd
No.42	207.4	1.1	135.2	155.6	58.2		Thye Cheong Realty Pte Ltd
No.43	197.2	1.1	128.5	147.9	52.2	1,363(94)	Martin Clineh
No.45	182.8	1.2	127.8	137.1	5.4		Tan Chuan Wee
No.47	196.0	1.6	186.1	147.0	15.0	1,128(94)	Kwok Chuon Wei
No.49/50	404.6	1.6	388.7	303.5	0.0	2,235(93)	
No.51	176.8	1.6	169.8	132.6	0.0	1,334(94)	
No.52/53	389.2	1.4	324.3	291.9	14.4		Huang Shan Development Ltd
No.54	204.0	2.0	240.7	153.0	10.9		WeePaul Advertising /Design
No.61	205.6	1.5	185.1	154.2	8.3		Goh Kin Thian
No.70/71	542.0	1.7	570.5	406.5	17.5		Commercial Property Holdings
No.72/73	554.0	1.7	570.5	415.5	17.1		Commercial Property Holdings
No.74/75	442.0	1.7	455.0	331.5	19.3		Commercial Property Holdings
No.76/77	454.0	1.7	469.0	340.5	19.1		Commercial Property Holdings
No.78/79	448.0	1.7	462.0	336.0	19.1		Commercial Property Holdings
No.80-87	1,808.0	2.1	2,253.6	1,356.0	94.1		Low Keng Huat Construction
Total(64ut)	12,751.0	-	12,935	9,563	5,174		
Average	117.0	1.6	202.0	149.4	80.8	-	

Data Source: Questionnair Survey Conducted by the Author in Auguest, 1995

ranged from S$ 1.1 million to S$ 2.9 million. In the cases shown in Table 6.3.1, those shophouses sold by the original bidders had been rented out for a period of three or four years. After deducting the initial payment from the gross profit (equals to three-four years rental income plus the re-sale income), in general, investors who sold shophouses gained at least S$ 1.5 million net profit from each shophouse unit.

The public-private partnership exercised through the Sale of Site Programme also helped to reduce the financial burdens of the government. The total investment by the private sector for bidding and restoring 64 shophouse units was estimated at S$ 22 million. This means that the same amount of public spending had been saved through this scheme. Also, the sale of total 64 shophouses in Tanjong Pagar during the period 1987-89 had directly generated an extra income of S$ 12 million for the government (Table 6.4.1). If the bidding prices in tender were pushed up, the government could obtain more financial return from the sale scheme.

The fact that both the government and private investors obtained huge profit from conservation was called into question (Business Times, 10, Sept., 1991).

> My father agreed to sell the shophouse to the government because the government promised him a brand-new apartment in the public estate, which is where we live now.....My father feels betrayed by the government since he has witnessed an enormous increase in housing prices in the conservation area. He thinks that if we did not sell the property to the government, we could be very rich now. The government has been unfair to us.
>
> (Informant, S.5)

Civil organisations such as the Heritage Society of Singapore (HSS), which was formed by architects and planning professionals who promoted urban conservation from the very beginning, were on the whole against the sale scheme. In their opinion, the government should put the intangible interests of preserving cultural heritage and history for the people as their first priority. They also suggested the URA to allow non-government organisations to restore and maintain historic heritage with public assistance, instead of handing them to private developers (Straits Times, 10, Sept., 1991). The government did not consider modifying their policy in response to public feedback.

> What is wrong with making money out of old shophouses? I think in five-years time, people will not even bat an eyelid about this issue. I am very happy that property prices in Tanjong Pagar have appreciated because the whole area is going to be lively when that happens. The owners will stretch their minds to put it to the best use.
>
> (Informant, S.1)

Another way of looking at the situation is through studying the role that the local community played in this planning process. The tender system was open to the public and everyone had an equal right to participate. Some owners could not take part in tendering because they lacked sufficient capital to restore shophouses. The participation of property developers also helped to push the bidding prices higher than anticipated. Hence, even though original owners entered the tender, only a few of them had chances to win the bids. As indicated in Table 6.3.2, in the past ten years, only 18 out of 316 successful bidders of shophouses were their original owners. The overwhelming majority of successful bidders were investment companies, property developers or other individuals outside of the community. It is thus believed that if shophouses were acquired by the authority and sold through tender, the chance for the original owners to regain their properties back was less than 10 per cent (Informant S.8).

Private owners in the conservation areas were frustrated by the exercise of compulsory acquisition which 'squeezed them out' from their own homes, and by the operation of a tender system which 'offered them no chance to return' (Ibid., 29, Apr., 1988; 16, Jan., 1990; 2, 3, Mar.; 13, May, 1991). Since the conservation plan was implemented in the CHD, several owners appealed to the authority to give them more time to restore their own properties or provide them chances to buy back their shophouses through the tender system (Ibid., 11, Apr.; 8, 23, May, 1990). Tenants were in a more difficult situation. The lifting of rent control in the conservation areas enabled the government or private owners to repossess shophouses from the sitting tenants. This meant that tenants of shophouses would not have any legal right to oppose the eviction as they did under the rent-control legislation. Hence, once the conservation process began, the tenants had no other choice but to leave. Small traders who rented shophouses in the CHD for decades were in fear of losing their places and their entire business environment. After being asked to quit their premises without being offered many alternatives, a total of 124 occupiers of shophouses in Kreta Ayer and Telok Ayer collectively appealed to the authority to let them stay (Straits Times, 29, Apr., 1988; 22, Apr., 1993).

From the public point of view, the government should be blamed for their bias against private owners in this planning process. Hence, 'for justice to be seen to be done', the URA should 'return these three-generation properties to the original owner at a mutually agreed price, instead of offering them for sale by tender' (Ibid., 8, 23, May,

1990). The evicted tenants, such as traditional businesses, should be able to return through the employment of rent control or public subsidy because 'they had existed for decades and already became an inseparable part of local history' (Ibid., 6, June, 1990).

Their voices remained unheard. For the government, most of the residents in the CHD were offered chances to resettle in the public estates. Local businesses displaced could move to nearby estates such as Tanjong Pagar Plaza, Chinatown Complex or Kreta Ayer Centre, which were developed in the late 1970s and the early 1980s by the urban renewal policy. The interests of private owners and tenants were already safely regarded.

> The original occupants in one of the earliest cases of conservation - Georgetown in Washington D.C. - were kicked out without public housing provided. We look after local residents who are affected definitely better than similar projects in other countries. Where the local residents in Singapore's conservation areas are concerned, the public authority has a scheme to resettle them in the nearby public estates. It aims at upgrading their life style and bringing them back to a similar neighbourhood so they are still in contact with each other.
>
> (Informant, S.1)

Considering the cases described above, one can reasonably argue that the government has drawn attention to the crucial role of private developers in determining the success of shophouse conservation. Yet the co-operation with private capital and the conformity with free-play of market forces have never meant the rejection of extensive government intervention. The conservation plan has worked to the exclusion of civil groups and original occupants, including both owners and tenants. They have had a growing feeling that policy changes are necessary after seeing the undesirable consequences. In a context that the government has controlled citizens' dissent through putting barriers to any kind of political mobilisation, many residents have struggled on an individual basis and their efforts are not easily translated into organisation. As long as they cannot organise collectively and effectively, they have no bargaining power vis-à-vis the coalition of private developers and the government. The grass-roots inputs into policy decision-making still remained to be seen.

Taipei
6.5 Historical Development of the Locality: Dadowchang

6.5.1 Dadowchang under the Chinese Regime

The city of Taipei is located on a triangular alluvial basin of the north of Taiwan. This basin is drained by the Tamshui River and its tributaries - the Keelung River, the Hsintien

River and the Takokan River. Unlike other coastal cities in the central and southern plains of Taiwan which were developed as early as in the sixteenth century, Chinese settlement in the Taipei Basin did not emerge until 1709, when the Chin government in China granted a permission to Chen Lai-Chang - a farmer from the Fujian province who wished to cultivate land in Taipei. Gradually, immigrants from two coastal cities of Fujian - Chuanchow and Changchu - came to settle at the confluence of the Takokan River and the Hsintein River. They developed trade activities with the aborigines.[13] These riverside settlements were generally referred to as Moungar ('canoe' in native language) (Wu, 1975, pp. 4-5).

Trade activities between Taiwan and Fukien were developed by Chinese merchants in the eighteenth century. Taiwan's agricultural products such as tea, camphor and sugar were assembled, processed and packaged in its coastal settlements then transported to Fukien. Manual crafts were brought back and sold to domestic markets (Bannister, 1933, pp. 142; Dun, C., 1990, pp. 38-48). Moungar was the most important trade port along the Tamshui River because the silting of the Takokan river prevented large junks to go as far as upstream. In 1853, trade activities boosted a population of eighteen thousand in Moungar. Accordingly, Moungar surpassed other coastal settlements of Taiwan which developed previously and became the third largest settlement (Wu, 1975, pp. 6-8).

Prior to the early nineteenth century, Dadowchang was an agricultural village of the Pingpu tribe located downstream of the Tamshui River at a distance of 2.4 km away from Moungar.[14] The first Chinese settler in Dadowchang - a Chuanchow merchant - arrived in 1853 and built three shophouses in Middle Street (the first and second sections of Dihua Street). Shortly after his arrival, violence broke out between Chuanchow and Changchu settlers in Moungar. It provoked a wave of immigration during the period 1853-59. The defeated Chuanchow fled to Dadowchang for a safer place to live. Local population in this area became to increase. Owing to the influx of Chinese immigrants, the Pingpu tribe was forced to move out from this area. Chuanchow merchants built the

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[13] Before the arrival of Chinese immigrants, Taipei Basin was occupied by its original occupants - the Pingpu tribe of Taiwan aborigines. The Pingpu tribe used canoes to exchange agricultural products with the Chinese at a earlier settlement in Hsinchung, a place located at some 25 km the upstream of the Tamsui River It is widely believed that in the 1820s, the Pingpu tribe completely withdrew from the Taipei Basin (Chai, C., 1967).

[14] There was a public space in this village for all the farmers to dry their crops. Seasonal celebrations also took place here after harvest. 'Dadow' means 'paddy' and 'Change' means 'square' in native language. This village was named as 'Dadowchange' to demonstrate the harvest (Yen, C, 1991, p.56).

Dadowchang Harbour (near the current Taipei Bridge) for trade at the end of the nineteenth century. As the Tamshui River continued to silt up and the Moungar Harbour was rendered inaccessible, Dadowchang located downstream of the river replaced Moungar and became the most important port along the river (Chen, C., 1956, pp. 8-10; Chang, S., 1970, pp. 40-5).

The nature of cross-strait trade between Taiwan and China was in course of change at the beginning of the nineteenth century. Due to the defeat in the Opium War in 1842, the Chin regime in China was forced to yield trading concessions to the European countries. Foreign merchants were thus allowed to develop their trade businesses in some port cities and enjoyed extra privileges. Agricultural products from China, particularly tea and sugar, were exported to the world market through these trade ports (Dun, C., 1990, pp. 51-4).[15] The Tientsin Treaty signed in 1858 and the Beijing Treaty signed in 1860 opened more coastal ports for foreign trade, including large ports on both sides of the Taiwan Strait, such as Hsiamen in Fukien, Tamsui, Takao, Keelung and Anping in Taiwan. Major ports along the Tamshui River such as Moungar, Tamshui and Dadowchang were also subject to the new trading concessions (Hsu, C., 1970, pp. 45).

Because of this change, Dadowchang became a tea processing, wholesale and export centre from the 1860s. John Dodd, a Scottish merchant who had established a small tea-firing business in Moungar, moved to Dadowchang in 1869 and opened his business on the bank of the Tamshui River (Dodd, 1895, p.569). His success encouraged more European merchants to come and set up their trade companies, agent-houses and tea-refining houses. Chinese merchants mainly performed a role as the 'middlemen' in the chain of tea production and exportation.[16] For instance, local 'chafans' (tea buyers) were the ones who made contact with tea growers. 'Chafans' sold tea to 'chazhuang' - tea reprocessing workshops established by native merchants with small financial capital. Tea was re-fired, packed and then sold to 'chazhans' or 'chahangs'- large tea warehouses and tea firms

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[15] From 1860 to 1870, tea exported from Taiwan to foreign countries increased 40 per cent every year, with about 90 per cent of them were sold to the US and 7 per cent to the UK. Sugar also had a large presence in export market, mainly sold to Japan and Australia. Approximately 70-80 per cent of camphor in the world market was produced in Taiwan. By the end of this century, tea, sugar and camphor were three major products for export. The percentage share accounted for 58.4 per cent, 23 per cent and 9 per cent of total export (Dun, C., 1990, pp.51-4).

[16] For instance, comprador Li Chunsheng, who had helped European merchant in building up contacts with local growers, managed to establish his wholesale business. His success encouraged many Chinese compradors to follow (Nakanishi, 1908, p.21).

established by wealthier native merchants - for storage and marketing. European agent-houses and local brokerages bought final products from tea warehouses or tea firms, and exported to foreign market or to the Fujian province.[17] At the end of this century, about 91 per cent of tea exported from Taiwan was through Dadowchang. There were 5 European agent-houses, 10 large chahangs, 252 small chazhans with 3,612 employees involved in tea processing and exportation in Dadowchang. Local population increased to 30,000 persons.[18]

Apart from foreign trade, traditional cross-strait trade also continually grew in this area. Unlike tea export, this sector was predominantly controlled by native merchants. Small traders of textile, wood, crops and dry foods which developed in the previous period gradually evolved into large wholesalers. As the riverside area was predominately occupied by the European-owned agent houses, warehouses, and foreign banks, these wholesalers concentrated at the shophouses in Middle Street, Middle-North Street and North Street. To protect their collective interests, wholesalers organised themselves through the Jiaws ('Guild' in native language).[19] Two religious buildings - Chunghung Temple and Matsu Temple - were built in South Street and became the focal point for members of Jiaws to develop their social network and group identity.[20]

The physical infrastructure of Dadowchang witnessed its first change at the end of the nineteenth century as a result of the 'Modernisation Movement' initiated by the Chinese government.[21] In 1895, Taiwan was made one of the eighteen provinces of China with Taipei designated as its capital. There was a determined effort made by Taiwan's first governor, Liu Ming-Chung, to open up more of the forest for camphor and timber industries, also to improve the ability of local merchants in competition with foreign merchants (Wu, L., 1970, pp. 40-5). During the period 1885-90, Liu established several administrative bodies, government-owned banks, tele-communication and foreign

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[17] Merchants purchased tea after they had been crudely processed by the growers. They then re-fired tea at their tea-firing houses and restored in places which were adjacent to the firing houses. The actual export operation was controlled by their agency houses (Gardella, 1994, pp. 63-9).

[18] See Wen, 1978, pp. 1-10; Lamley, 1977a, pp 168-73; Zeng, 1957, p101.

[19] A great number of Jaws were formed, such as Tang Jiaw (Sugar Guild), Mi Jiaw (Rice Guild) and Bu Jiaw (Textile Guild), etc. They became the basic organization of local society (Yen, C, 1991, P.73).

[20] See Zhou, 1957, p.88; King, 1988, pp. 504-5.

[21] This movement, also known as the 'Self-Strengthening Movement', was initiated by the Chin Regime after China was defeated by France in the 1884 Sino-France War. For a detail discussion of this movement see Goddard,1966 and Berr, 1974.

language schools in Dadowchang.[22] A railway line connecting Keelung, Taipei and Hsinchu was constructed with a local station at the south of Dadowchang. It linked Dadowchang with the Keelung Harbour, which was newly-built around a deep gulf about 26 km at the north of Taipei and served as the trade outlet for the Taipei Basin.

6.5.2 Dadowchang and Taiwan's Colonial Past

The Japanese demanded Taiwan as a colony in 1895 and determined to transfer this island into a major agricultural supplier for Japan (cf. Kerr, 1966; Davison, 1903). To accelerate the economic exploitation of this island, the colonial government introduced high-yielding rice seeds, fertiliser and agricultural techniques into the agricultural sector to increase productivity. Many traffic roads, railways and harbours were built subsequently to open more land for cultivation and to help the transportation of agricultural products from the rural areas to large ports. In the early twentieth century, about 90 per cent of sugar and 20 per cent of rice produced in Taiwan, together with other products such as camphor, salt, wood, liquor, tobacco and opium, were exported to Japan. At the same time, textile, food and metal products were imported from Japan and sold to the local market of Taiwan.

Taipei's role as an administrative and commercial centre for Taiwan was resumed by the colonial government. The 'City Area Modification Plan' was introduced to the city in 1905, under which Dadowchang was designed as a trade and commercial district. The colonial government enhanced the function of the railway line between Keelung and Dadowchang and built a new road (the present Yenping North Road) passing through Dadowchang and Chengnei (the current CBD). North-middle Street, Middle Street and South Street in Dadowchang were widened and combined to create another new road (the current Dihua Street). The irregular street-pattern of Dadowchang was changed to a grid system; and traffic flow was largely improved through resigning, realigning and paving local roads (Map 6.5.1~2). Dadowchang was re-divided into three Tings ('neighbourhood' in Japanese) - Taiping, Yunla and Zuhsin separated by Dihua Street and Yenping North Road.

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[22] Government offices such as Mechanic Bureau, Trade Bureau, Custom Office, Border Control Office and Currancy Bureau, were established between 1885 and 1890.

The physical structure of Dadowchang was largely changed and most shophouses were re-built during this period. These shophouses were constructed in contiguous blocks connected by adjoining party walls and a covered passageway. They were also clustered back to back with those at the neighbouring road. Shophouses were very narrow in width (5m-8m) and long in length (above 24m) because all shops demanded space fronting the main street. They were two- or three-floors high and consisted of three buildings separated by two courtyards. This spatial arrangement enabled commercial activities, residential space and workshop to be combined together without disturbing each other. The covered passageway was generally used by shop owners for displaying their goods (Yen, C., 1991, pp. 68-75).

Because of the rising demand for exports, tea processing and rice milling factories continued to grow in Dadowchang. Not surprisingly, these export sectors were soon monopolised by Japanese merchants. Their agent houses and tea factories replaced the role that European-owned businesses and local producers had played previously. Tea exports enabled Japan to take a decisive lead in the world market. Additionally, a large rice-market for storage and marketing was built by the colonial government in an area adjacent to the Taipei Railway Station. It aimed to help Japanese merchants in controlling the supply of rice more effectively. As a result, local merchants were forced to withdraw from tea and rice exports. They turned to become Chinese medicine and rice wholesalers serving the demand of the domestic market.

Foreign trade which heavily relied on tea and rice continued to flourish in this area until the 1930s, when some changes in export markets occurred. First, tea exported from Japan (and Taiwan) to the US decreased from 45 per cent to 25 per cent in 1930 while a deluge of black tea from India, Ceylon and the Dutch East Indies controlled almost 60 percent of the US Market.[23] Secondly, because of the world-wide recession, Japan's economic development experienced its worst slump over years. Market prices of rice and tea fell sharply because of over-supply. To protect its domestic agriculture industry, Japan reduced the demand for importing rice and tea from their colonies. The change in export markets seriously affected the local economy of Dadowchang. Local businesses which thrived on the export of tea and rice exports began to become defunct.

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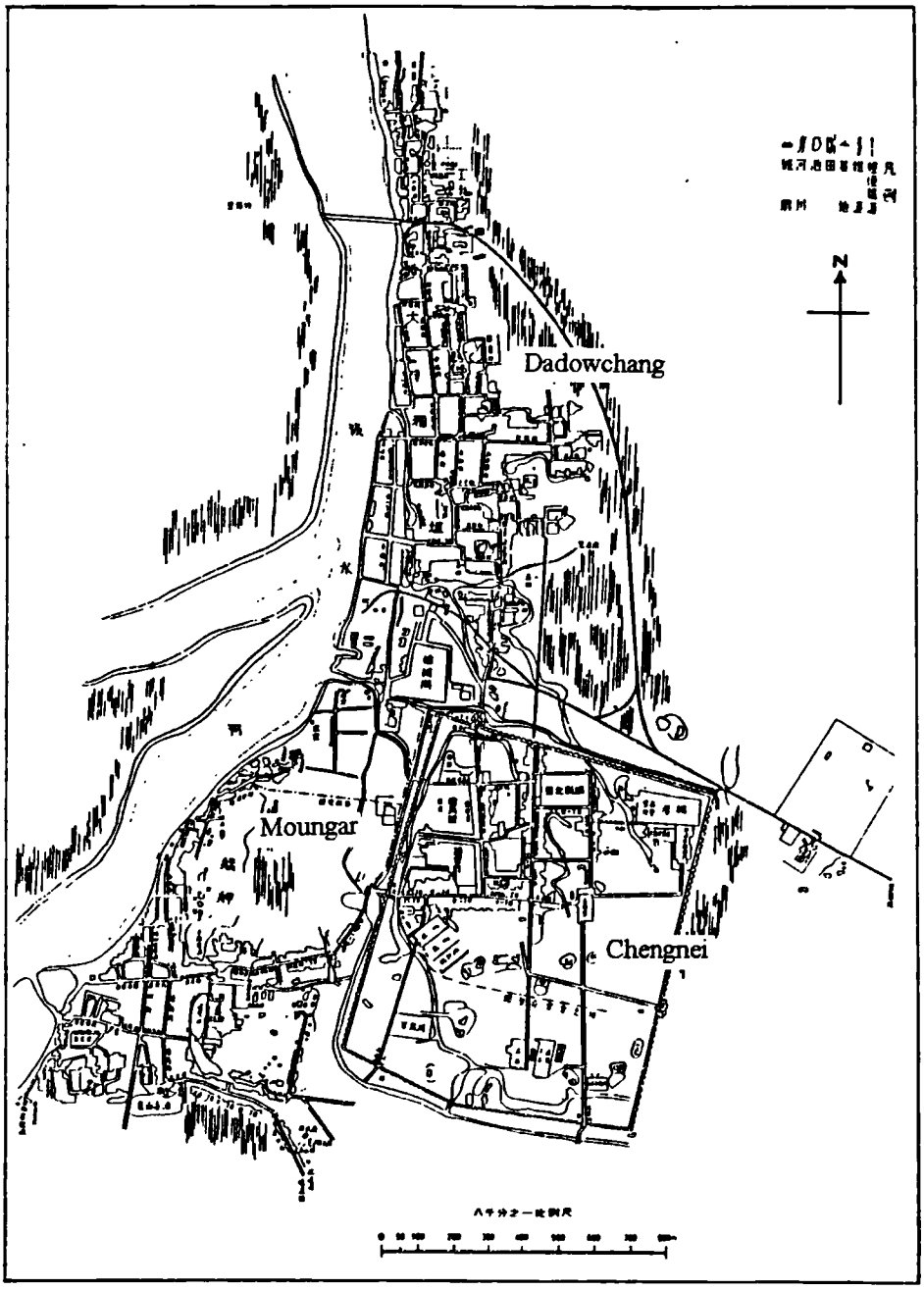
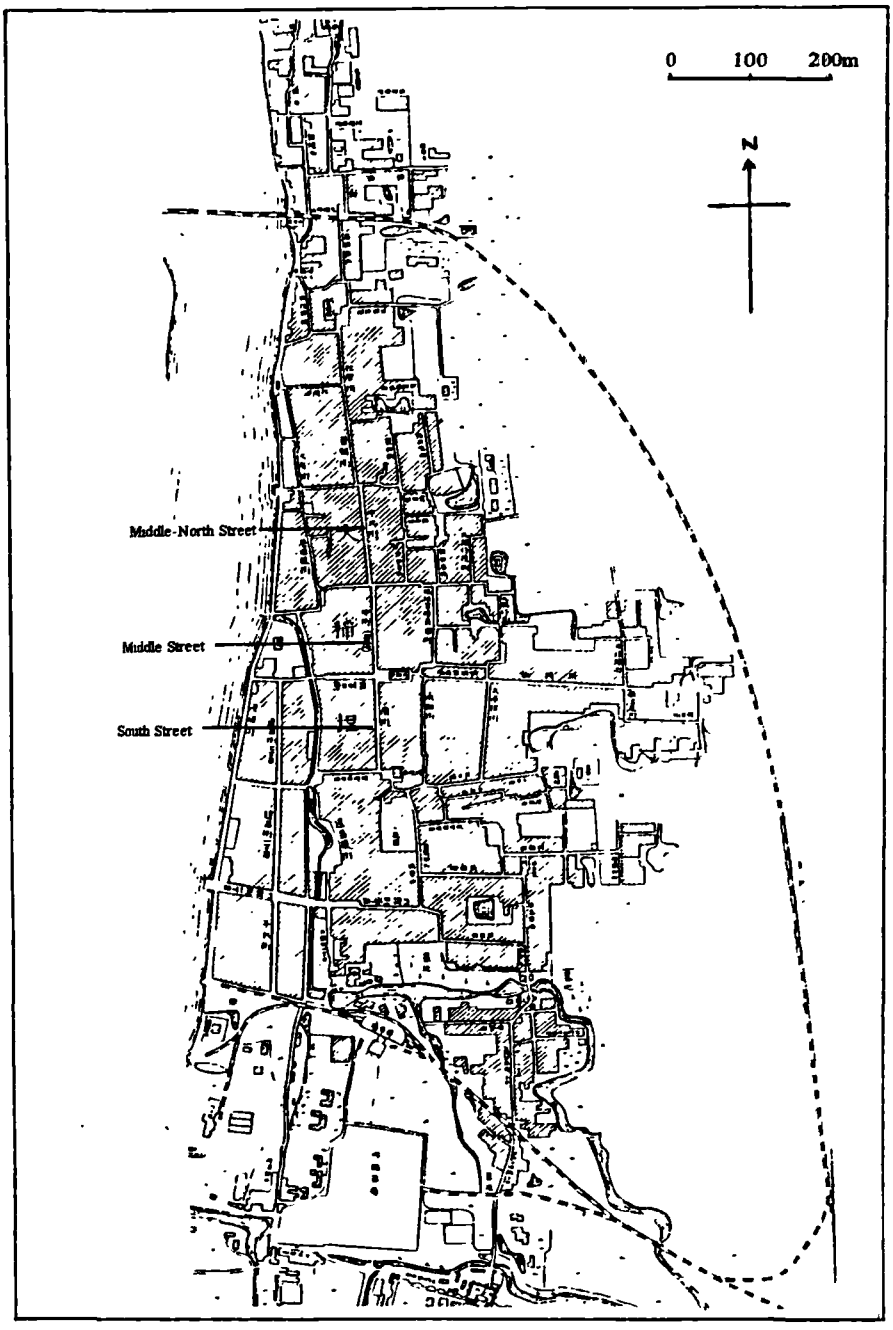
[23] See Pan, 1924, p.128; Sugiyama, 1988, pp. 145-52; Klopstock, 1936, p.31.



Map 6.5.1 The Original Settlements of Taipei



Map 6.5.2 Dadowchang in 1895

In the late 1930s, Japan planned to conquer more territories in Southeast Asia through military invasion. The Japanese used Taiwan as an army base and a place for processing the raw materials extracted from their colonies (Behr, 1989; Davidson, 1988). As a result, stockpiles, refuelling stations and garrisons for the imperial force were located in Taiwan and some light industries, such as wood, rubber and food manufacturing sectors, were encouraged to develop in large cities. Taiwan began to witness primary industrialisation. Industrial products accounted for 88.7 per cent of total productivity in 1942. The food-processing industry alone occupied 54 per cent of total industrial output (Chen, 1951, pp. 18-9). The rise of the food-processing industry in Taipei boosted the dry-food wholesale business in Dadowchang. There was a larger presence of dry-food wholesalers in the second and the third sections of Dihua Street than in the previous period. Textile and Chinese-medicine wholesalers, which were more import-oriented, were small in numbers but remained relatively stable.

6.5.3 Dadowchang in the Post-War Development

The administrative boundary of Taipei remained the same after the KMT takeover, but the whole area was re-divided into ten districts. The original settlements of the city - Moungar, Dadowchang and Chengnei - were covered by four districts: Lungshan, Yenping, Chengchung and Cheincheng. They were generally referred to as 'the old central area'. By the end of the 1950s, the old central area had the highest density in terms of population, commercial and industrial premises. As discussed previously, an import-substitution strategy was adopted by the KMT government at this stage for economic development. Manufacturing industries such as food, textile, wood and basic metal production gained substantial growth in large cities. The number of registered factories in Taipei increased to 4,448 in 1954. Since most of the peripheral area of the city had not been developed, about 55 per cent of these factories were located in the old central area. Although the land area of the four districts altogether only accounted for 20.8 per cent of the total land area of Taipei, they provided 62 per cent of floor space for industrial and commercial premises in the city (Chung, Y, 1987, p.6).

It was estimated that during this period, 14.5 per cent of food-processing industries, 13.9 per cent of textile and clothing industries, and 13.3 per cent of wood industries in the city were located in Yenping District (Dodowchang). The number of registered

factories in this area represented 13 per cent of the total in Taipei (Selya, 1995, p.73). Due to the lack of floor space, some food-processing and textile factories packed themselves into residential blocks. Textile and dry-food wholesalers in Dihua Street regained their supply from these new factories and thus remained as the predominant sectors in this area. The emergence of factories led to the expansion of the job market and the influx of workers in Yenping District. The population increased from 58,000 in 1950 to the peak at 63,000 persons in 1964 (Census of Population, 1970, p5). The population density became the highest among thirteen districts of Taipei. Several road-widening plans were initiated by the government in Yenping District in the 1960s for defence purposes. For instance, Chunching North Road and Chungta Road were both widened to 30m in 1965. Taipei Bridge was rebuilt in 1968. Tachung Street was built as a by-pass connecting Dihua Street and Chunghsiao West Road. Housing shortages became more acute since many shophouses were demolished for road construction. As a result, the remaining shophouses were rebuilt or altered to add more floor space. The increase in residential population encouraged the growth of retail business in this area. The riverside area was fully occupied by numerous squat houses, illegal factories and transport companies. The overall physical environment began to decline.

Population and industries in Taipei both experienced a rapid growth in the 1970s. The fringe area of the city, especially along several through routes linking the city and the county, began to develop. Urban growth first occurred at a distance of 6.5 km from the old core of the city during 1969-74 and at 10.5 km during 1975-79 (Chiang and Hsiao, 1985, p.109). New development in the county area and the environmental decline in the old central area caused an out-movement of population and industries. From 1968 to 1978, the population in the city area increased 47 per cent, while that of the county area rose 126.6 per cent. Registered factories in the city area gained only a 25 per cent increase, but the number of factories in the county area increased 244 per cent. The old central area displayed a substantial loss of population and factories. The population in this period slipped by 29.6 per cent in Lungshan, 30.8 per cent in Chenchung, 40.6 per cent in Chiengchen and 38.3 per cent in Yenping.

The total population in Yenping District declined to 39,000 in 1978 (Tsai, T., 1985, pp. 130-34). The wholesale business in this area was least affected by the out-movement of industries and population. As mentioned before, textile and clothing industries in

Taiwan both witnessed a remarkable growth in the export-oriented development after the 1970s. These industries had a large presence in the county area on the other side of the Tamshui River. The expansion of the textile market resulted in the increasing number of textile wholesalers - who acted as 'middlemen' between suppliers (domestic-owned textile industries or textile importers) and consumers (clothing factories and retail shops). The location of Yenping District provided wholesalers with a great advantage because they could easily reach local suppliers in the county area through the Taipei Bridge. By the end of the 1970s, about 80 per cent, or 420, textile wholesalers in Taiwan were located in Dihua Street and its surrounding area. Apart from textile wholesalers, dry-food wholesalers were also active in this area. They obtained raw materials from local growers or import from other countries, such as China and Japan, then re-sell to food-processing factories, retail shops and restaurants. The number of Chinese medicine wholesalers was relatively small due to the lack of supply. But this sector gained its growth from the 1980s when traders were allowed to import raw materials from China.

Although the government started squatter clearance and urban renewal in Yenping District, the main purpose of the official plans was to solve traffic congestion. Thus they had very little to do with the regeneration of the overall environment. For instance, a urban renewal plan (Wanda Plan) was implemented during 1972-74 by which all squatter houses on the riverside area were removed. Following on the squatter clearance, the government demolished old agent-houses on the riverside area in 1978 to enable Hungha North Road to be widened to 30m. Kuisui Street was also widened in 1979 with its street market removed. Yunla market - a traditional wet market at the southern end of Dihua Street - was demolished in 1980 and replaced by a large office and shopping complex. Land parcels along major traffic roads such as Chungching North Road, Nanking West road and Yenping North Road, were gradually redeveloped by landlords who were in partnership with real estate companies. However, the remaining shophouses concentrated in Dihua Street and were occupied by dry food, Chinese medicine and textile wholesalers. Many shophouses lost their residential function and were only used as working places since many family members of these local businesses had already moved out to other areas (Yen, C., 1991, p.92).

6.5.4 Changes in Land Value and Land Use (1965-1983)

The above analysis provides a general account of the changes in the physical structure and the local economy in Dadowchang over time. What follows is an analysis of land values in Yenping District in relation to the Central Business District and other areas located at different distances from the centre. Given the fact that the Dadowchang Special Zoning only covers one part of Yenping District, I also study land values in the DSZ in relation to its adjacent area and Yenping District as a whole. The main purpose is to understand the changes in land values and their implications for property investment in the DSZ. They also prepare the background for our discussion of the impacts of policy on land values in the later section.

It is generally accepted that the transaction price has been the best way to illustrate the market value of land. The first point that one should note is that in Taiwan's context, the transaction price of land means the value of land with vacant possession. This is because the land-holding system ensures that owners have absolute property right. Generally, sitting tenants would be evicted when owners decide to sell their land or properties. In Taipei, transaction data can be obtained from real estate agencies and law companies who have helped to organise the deals, or from the National Tax Revenue Board and the land department of the local government. Unexpectedly, there have been some problems of collecting data at a city scale.

First, in some areas of Taipei where land ownership is highly fragmented, land transactions have not been through professional agencies (Chang, L, 1986, p.32). This is because property development in these areas has been initiated through co-operative construction during which landlords form a partnership with developers to develop their land with a joint construction contract signed to share the finished units. Landlords generally can obtain 40-60 per cent of the finished units. Developers do not need any initial payment for land and 20-30 per cent down payment is enough to cover the material and labour cost. In this type of co-operative construction, the deal is not arranged by professional agencies but by members of the partnership. The arrangement is on a private agreement thus both parties are not subject to pay business contract tax. The details of transaction are difficult to access by a third party. The land department of the municipal government releases two sets of land values - the 'officially announced land value' (OLV) and the 'official announced market value' (OMV) - every year. The former is the value of land under its present use while the later represents the market price of

land. As mentioned previously, the OMV has been modified for several reasons and can not represent the real transaction price. The actual price can be obtained from the original assessment reports generated by land surveyors from the land department. These reports are made at a neighbourhood scale and contain the details of land transactions, including land value, land ownership, land area, etc. Unfortunately, the information has been recorded on hundreds of notebooks in hand-writing. Some of these reports have been lost or become unreadable. This makes a study of land value at a city scale become extremely difficult. Finally, transaction prices recorded by the National Tax Revenue Board are probably the most accurate data but are not released to the public for privacy reasons.

Hence, to generate land value at a city scale for a long time-period, I applied a land-value index to the transaction prices obtained from the assessment reports completed in 1980 (Appendix 1. 28).[24] Land values in Chengchung (CBD) and seven districts located at different distances away from the centre, including Lungshang, Yenping, Chungshan, Taan, Shungshan, Chingmei and Neihu, were selected for analysis. The average land values in these districts at four different time points - 1965, 1970, 1975 and 1980 - were plotted against the distance between the CBD and the centroid of each district (Figure 6.5.1).

The value curves of 1965 and 1970 suggest that in the 1960s, land values declined with increasing distance from the CBD. The difference of land values among districts such as Lungshang, Yenping, Chungshan and Taan was not very significant. Land value in Chungshan was slightly higher than others owing to a large presence of offices, hotels and restaurants, which served the US military force and a growing number of foreign traders (Tsen, S., 1994, p.154). Land values in Shungshan, Chingmei and Neihu were relatively low. It seems that at this stage, urban development was limited to a 4 km radius from the centre.

Land values in selected districts increased at a different pace in the early 1970s. Urban development accelerated in Chungshang and Shungshan, therefore resulting in a

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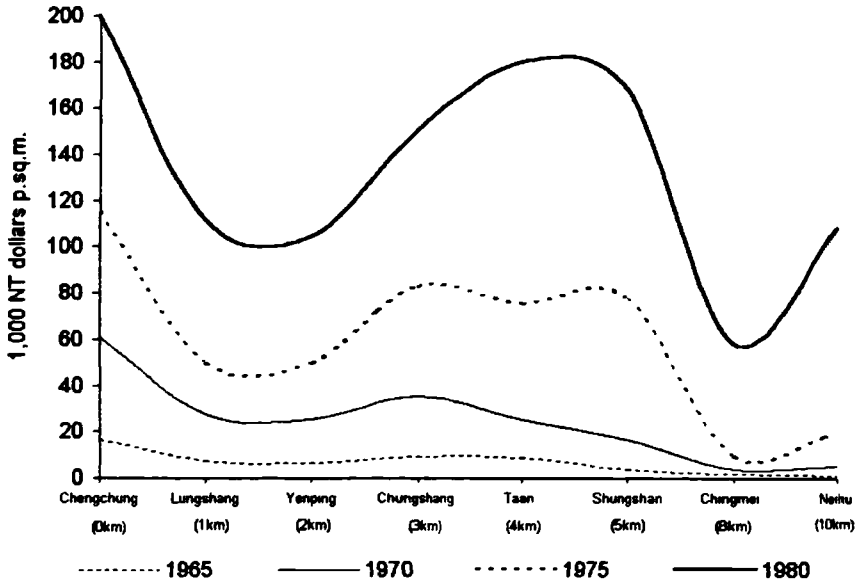
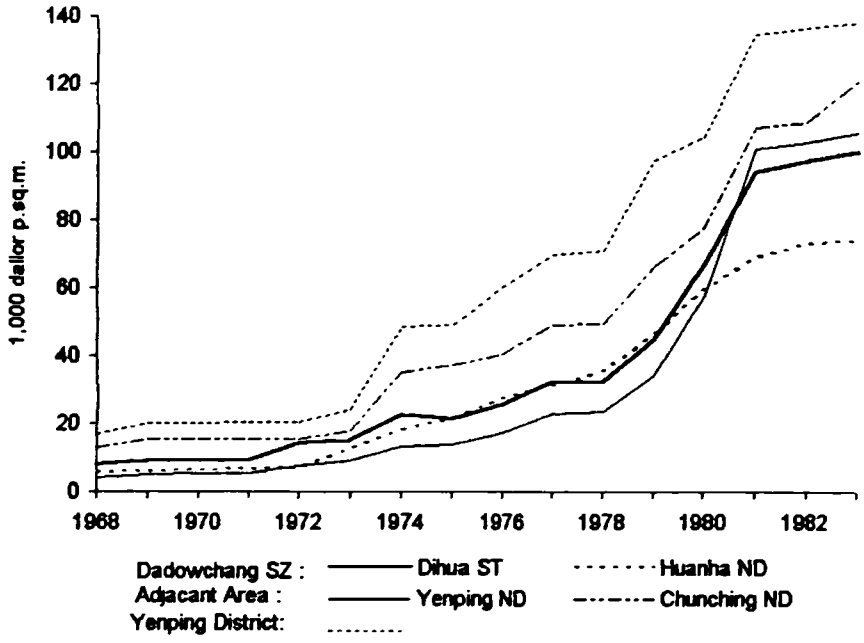
[24] Land value index created on the basis of transaction data is by far the most applicable way to speculate the change in land value over time (Lim, Y.,1975, 1987, Li, C. 1964, Yen, S., 1980). Lim (1987) combined statistical methods and 60,000 samples obtained from the land department and the National Tax Revenue Board to generate land index for each district from 1964 to 1986.

Figure 6.5.1 Distribution of Land Values, Taipei



Source: Appendix 1.27

Figure 6.5.2 Land Values in Yenping District, Taipei



Source: Table 6.6.5

substantial increase in land values in both areas. The observable rise in land values in Neihu also suggested that at this stage, urban development in the peripheral area began to take shape. Land values in Lungshang and Yenping did not increase as much as in other districts. The distribution of land values in the city changed drastically. As can be seen from Figure 6.5.1, the value curve of 1975 already evolved into a bimodal curve. Lungshan and Yenping were at the lowest point of the curve, giving a land value level quite at variance with other districts within 4 km distance from the centre.

This trend appears to have continued in the late 1970s. There was a smaller increase in land values in Lungshang and Yenping where property development was slow and halting. Land values in Shungshan, by contrast, exhibited a substantial growth. This could be ascribed to the designation of the Hsinyi Sub-Centre Special Zoning in the south of Shunshan District. Land and property development in this area was accelerated by giant enterprise groups and life-insurance companies. Shungshan thus surpassed other districts and became the second most expensive area of the city. This development had a great impact on Taan District, which was located at only 1 km distance away from Shungshan. Land values also experienced a substantial increase in the late 1970s. Furthermore, urban development in the suburban area also continued. Land values in Neihu gradually surpassed Lungshang and Yenping.

Drawing on these, it is without much doubt that in the 1970s, urban development in the city was moving from the CBD towards certain areas around the Hsinyi Sub-Centre, also to certain areas in the periphery. Accordingly, land values in the sub-centre, the fringe area of the sub-centre and the suburban area witnessed sharp increases. The disparity of land values among areas was evident. Land values in the CBD and the sub-centre were even 2.8 times higher than that in Lungshang and Yenping (Appendix 1.27).

At a neighbourhood scale, there are some subtle differences of land values between the Dadowchang Special Zoning and its adjacent area. The data used here have been obtained directly from the assessment reports. For analytical purposes, I divide the DSZ into two areas - Dihua Street and Hungha North Road - for reason that the former is directed controlled by the conservation guidelines but the later is less affected. Land values at blocks fronting Yenping North Road and Chungching North Road - two main roads running parallel to Dihua Street some distance away - were added for comparison.

It will be noted that during the period of 1968-78, the average land values in the four sub-areas were far below that in Yenping District as a whole. The Chunching North Road area had the highest land value among four areas since Chunching North Road had been widened to 30m in 1965. Even so, the average land value in this area only accounted for one-third of that in Yenping District. Nevertheless, land values in the Dihua Street area, the Hunghua North Road area and the Yenping North Road area rose more significantly than the overall Yenping district. The Hunghua North Road area, especially, gained a 532 per cent increase in land value over time. This could be ascribed to the implementation of the Wanda Plan during the period of 1972-74.

Entering the period of 1979-83, land values in the four sub-areas grew at a faster pace than Yenping District as a whole. The release of the road-widening plan in 1978, the removal of a street market in Kuasui Street (a division of Dihua street) in 1979 and the construction of Yunla Shopping Complex in the south of Dihua Street in 1980 might

Table 6.5.1 Land Value in the Dadowchang Special Zoning and its Adjacent Area, 1964-1988

	Dadowchang Special Zoning				*Adjacent Area*				*Yenping District*	
	Dihua Street		*Hungha ND*		*Chunching ND*		*Yenping ND*			
	MV (sq.m.)	% Change	MV (sq.m.)	% Change	MV (sq.m.)	% Change	MV (sq.m.)	% Change	MV (sq.m.)	% Change
1968	7,696	-	5,577	-	12,914	-	3,920	-	16,848	
1969	8,938	16.1	6,064	8.7	15,231	17.9	4,884	24.6	19,856	17.9
1970	8,938	0.0	6,310	4.1	15,231	0.0	5,170	5.9	20,057	1.0
1971	9,036	1.1	6,573	4.2	15,311	0.5	5,170	0.0	20,051	0.5
1972	13,926	54.1	6,869	4.5	15,311	0.0	7,491	44.9	20,051	0.0
1973	14,873	6.8	12,603	83.5	17,945	17.2	9,002	20.2	24,157	19.1
1974	22,384	50.5	18,167	44.2	34,908	94.5	13,117	45.7	24,008	102.3
1975	21,116	-5.7	21,615	19.0	37,146	6.4	13,622	3.8	48,578	1.2
1976	25,767	22.0	27,540	27.4	40,437	8.9	17,298	27.0	49,180	21.8
1977	32,226	25.1	31,314	13.7	48,971	21.1	22,759	31.6	59,890	16.6
1978	32,337	0.3	35,265	12.6	49,278	0.6	23,387	2.8	70,881	1.5
1964-1978		320.2		532.3		281.6		496.6		320.7
1979	44,598	37.9	46,303	31.3	66,324	34.6	34,038	45.5	97,457	37.5
1980	66,493	49.1	59,317	28.1	77,650	17.1	57,338	68.5	104,256	7.0
1981	94,024	41.4	69,981	18.0	107,256	38.1	100,962	76.1	134,743	29.2
1982	97,231	3.4	73,582	5.1	108,903	1.5	102,885	1.9	136,548	1.3
1983	99,931	2.8	74,946	10.0	120,883	11.0	105,568	2.6	137,992	1.1
1979-1983		124.1		61.9		82.3		210.1		41.6

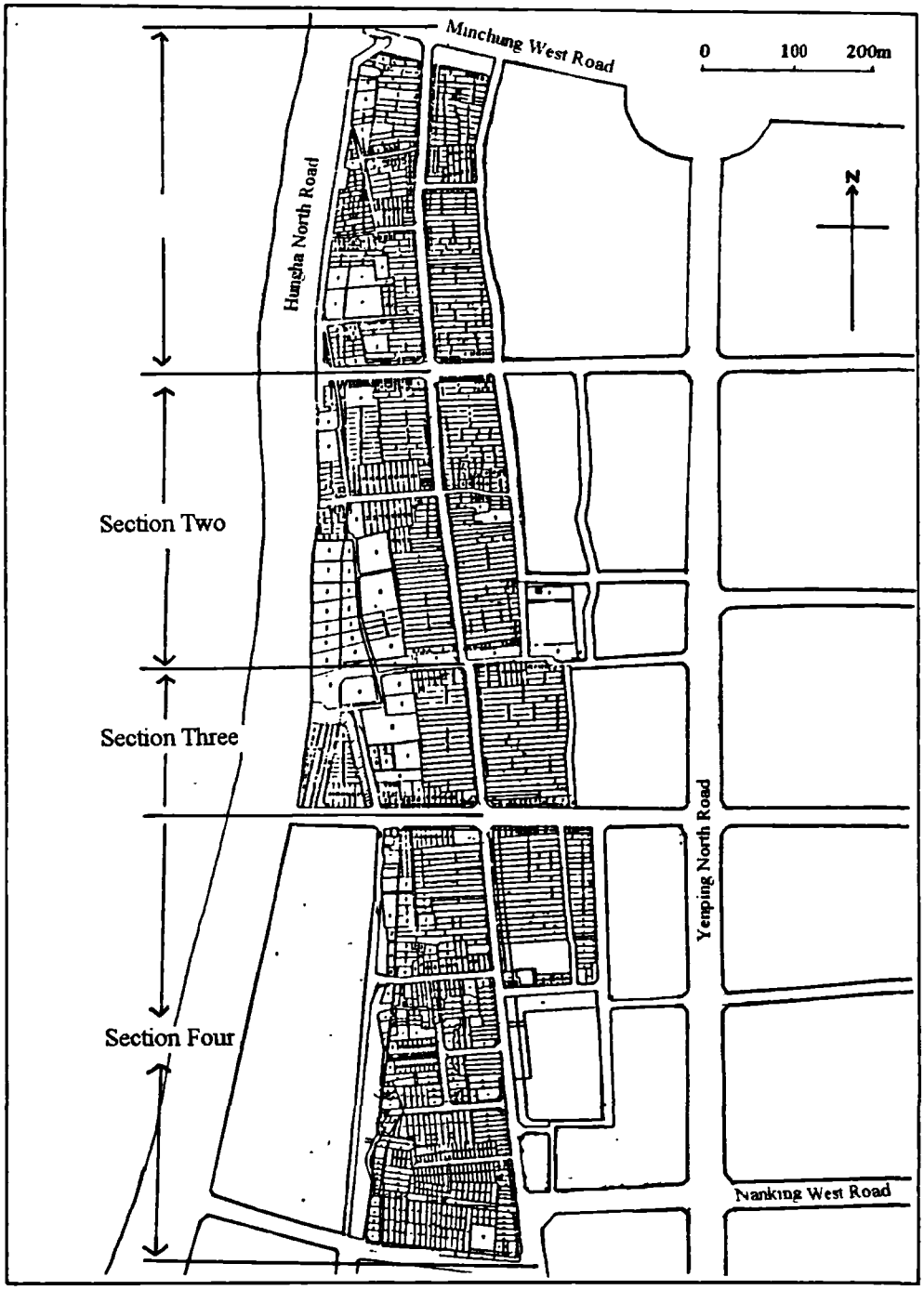
Source: Land Department, Taipei Municipal Department

have helped the increase in land value in the Dihua Street area. The percentage change in land value in this area was 124 per cent, almost three times of that in Yenping District. The growth of land value in the Yenping North Road area was also evident after the change of zoning from residential use to commercial use in 1979. Land value in this area increased 210 per cent, more than five times than in Yenping District.

However, in the early 1980s, land values in the four sub-areas moved closer to each other. Land value in the Chungching North Road area in particular, was almost similar to that in Yenping District. It is difficult to measure to what extent land values were directly affected by public construction because other economic and social factors were not included and analysed. Yet there is little doubt that a substantial increase in land values did take place spontaneously or after urban renewal and road widening. The distribution of land values in the four selected areas became more even than the previous period.

The change in land use provided another important aspect of the development of the locality. The historic data on land use were generated from two land-use surveys, conducted by the Urban Planning Board in 1952 and 1969 respectively. One should be aware that in both surveys, only land use on the ground floors in Dihua Street was recorded. Hence, land use on the upper floors remained unclear. Additionally, after the above mentioned period, for some reasons land-use survey did not continue. The lack of data made the study of land-use change in the 1970s impossible. However, there were 317 land-use data from each survey respectively. I divided land use into three categories: residential use, commercial use and vacant. Commercial use was further divided into five sub-categories, including Chinese medicine, dry food, rice, textile, general trade/service. Dihua Street consisted of four sections from the north to the south (Map 6.5.3). The data were firstly grouped according to their location and then classified by the categories of land use.

As can be seen from Table 6.5.2, about 65 per cent of shophouses in Dihua Street were used for commercial use in 1952 and the remaining 35 per cent were for residential use. Among the sub-categories of commercial use, general trade and service which mainly served the residential population was the strongest sector. The percentage share was high, at 28.7 per cent of the total. Chinese medicine, dry food, rice and textile wholesales, altogether represented 36.1 per cent of the total. From 1952 to 1969, residential use had witnessed a 15 per cent reduction and the percentage share decreased



Map 6.5.3. Shophouses in Dadowchang Special Zoning

to 20.2 per cent. It was countered by the increase in commercial use, which accounted for 80 per cent of the total in 1969. Amongst the sub-categories of commercial use, rice wholesale, general trade and service increased 10.8 per cent and 3.8 per cent respectively. Dry food, Chinese medicine and textile wholesales seems to have remained stable. It is well asserted that land use on Dihua Street became more commercialised due to the growth of general trade and services. The variety of retail and service in this sector contributed to the diversity of commercial activities in this area.

Table 6.5.2 Change in Land Use in Dihua Street, Taipei, 1952-1969

	Residential Use	*Commercial Use*						*Vacant*	*Total*
		Chinese Medicine	*Dry food*	*Rice*	*Textile*	*General*	*Sub-total*		
				1952					
Section (1)									
Number	35	16	4	5	0	41	66	0	101
% of Total	34.6	15.8	3.9	4.9	0.0	40.5	65.3	0.0	100
Section (2)									
Number	38	17	14	5	0	6	42	0	80
% of Total	47.5	21.2	17.5	6.2	0.0	7.5	52.5	0.0	100
Section (3)									
Number	18	9	17	2	0	4	32	0	50
% of Total	36.0	18.0	34.0	4.0	0.0	8.0	64.0	0.0	100
Section (4)									
Number	20	4	5	0	17	40	66	0	86
% of Total	23.2	4.6	5.8	0.0	19.7	46.5	76.7	0.0	100
Total									
Number	111	46	40	12	17	91	206	0	317
% of Total	35.0	14.5	12.6	3.7	5.3	28.7	64.9	0.0	100
				1969					
Section (1)									
Number	17	26	9	13	3	33	84	0	101
% of Total	16.8	25.7	8.9	12.9	3.0	32.7	83.2	0.0	100
Section (2)									
Number	27	4	16	23	0	10	53	0	80
% of Total	33.8	5.0	20.0	28.8	0.0	12.5	66.3	0.0	100
Section(3)									
Number	14	9	11	6	0	10	36	0	50
% of Total	28.0	18.0	22.0	12.0	0.0	20.0	72.0	0.0	100
Section (4)									
Number	6	9	3	4	14	50	80	0	86
% of Total	7.0	10.5	3.5	4.7	16.3	58.1	93.0	0.0	100
Total									
Number	64	48	39	46	17	103	253	0	317
% of Total	20.2	15.1	12.3	14.5	5.4	32.5	79.8	0.0	100
				Percentage Change					
Section (1)	-17.8	9.9	5.0	8.0	3.0	-7.8	17.9	0.0	-
Section (2)	-13.7	-16.2	2.5	22.6	0.0	5.0	13.8	0.0	-
Section (3)	-8.0	0.0	-12.0	8.0	0.0	12.0	8.0	0.0	-
Section (4)	-16.2	5.9	-2.3	4.7	-3.4	1.6	16.3	0.0	-
Total	-15	0.7	-0.3	10.8	0.1	3.8	14.9	0.0	-

Source: YFCE, 1989

It is also noted that there was an agglomeration of commercial activities at different locations on Dihua Street. Dry food wholesalers tended to concentrate in the second and the third sections, while rice wholesalers occupied the first and the second sections, and textile wholesalers were located in the forth section. General trade and services, which expanded as a result of the increase of residential population, tended to concentrate at the northern and southern ends of the street. Chinese medicine wholesalers, who constituted a relatively small sector, were in the first and the second sections in 1952, then moved north to the first section in 1969. Nevertheless, dry food, rice and textile wholesalers had developed at the locations mentioned from the colonial period onwards. Their position seems to have not been changed.

6.6 The Decade of Chaos: Conservation Dilemma in Dadowchang

The road-widening plan for Dihua Street was abandoned in 1983 due to the designation of the Dadowchang Special Zoning. The local government adopted a conservation-based redevelopment strategy aiming to renovate the locality through the preservation of shophouses in Dihua Street. During the planning process, divergent views on shophouse preservation emerged amongst civil groups, the local community and different levels of government. Private owners of shophouses and preservationists mobilised themselves to dispute the right of territory. The policy decision-making was thus shared by these groups which possessed different kinds of political influence. The planning authority was in a transitional situation in which the planning regime itself was not designed for public participation but in which they were asked to operate in the environment of interest-group pluralism. Hence, from 1983 to 1995, the policy and the boundary of the DSZ were changed several times in order to create an acceptable agenda. Yet the situation was still deadlocked and there seems to have been a great uncertainty about the future of the policy.

Under these circumstances, both the public and private sectors were poorly motivated and their plans had hardly got off the ground. Due to the lack of investment, numerous problems existing in the locality before the introduction of the DSZ, such as traffic congestion, the excessive fragmentation of land ownership, the decline in property values and the shortage of public facilities, remained largely unsolved. Furthermore, as long as the debate continued, the Cultural Construction Committee would not take any

move to gazette shophouses as historical heritage; thus there existed no formal legislation to preserve them. Although the local planning authority could prevent the demolition of shophouses by ceasing building permission for comprehensive redevelopment, they were unable to prohibit alteration of shophouses, which was accepted by the planning law. Many owners, in attempts to reduce costs, carried out repairs with inferior and unsuitable materials. The authority had no means to interfere if owners did not maintain shophouses in a proper manner or created damages to them deliberately. Since the policy of the DSZ was distorted in a number of ways, physical development of Dihua Street turned into chaos.

> I wonder whether the government know what they are doing. The boundary of the DSZ has changed many times since 1983. It is really annoying because my shophouse has been constantly in and out of the DSZ. I do not know how to follow the policy really.....I have to rebuild the back portion of the shophouse because the roof almost falls down and it is very dangerous to work there....I do not care what they say. No one actually knows what is going to happen in the future.
>
> (Informant T.1)

> The government first allowed me to repair the second portion of the shophouse and build an additional floor on the top of it.. As the policy changed, they came to tell me my plan to rebuild the front portion of this house was illegal.....I am a law-abiding citizen. But, the policy changes all the time and even planning officers do not know what to follow. If you listen to them, you will turn out to be an idiot. Now I am doing things in my own way.
>
> (Informant, T.4)

Table 6.6.1 shows that in 1995, only 9 per cent of shophouses in Dihua Street were preserved or partly preserved according to the conservation guidelines, while a majority of 40.7 per cent were altered, 26.9 per cent were reconstructed, 3.4 per cent were under reconstruction and another 19.5 per cent were left dilapidated.[25] More precisely, the northern sections of Dihua Street had a higher percentage of shophouses reconstructed or under reconstruction (59.8 per cent and 22.0 per cent respectively) and a lower percentage of shophouses preserved or partly preserved (7.2 per cent and 6.6 per cent). The southern sections, on the contrary, had a relatively small percentage of shophouses

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[25] To understand the physical development of the locality, I firstly divided a total of 297 remaining shophouses in Dihua Street into five categories according to their physical state. Amongst these categories, I classified shophouses restored under the official guidelines as 'preserved or partly preserved'. Shophouses which were left vacant and seriously damaged due to the lack of maintenance was placed under the category of 'dilapidated'. A distinction was also made between shophouses which were 'altered' and which were 'reconstructed'. The former meant the replacement of internal structure with new materials, and the latter meant the entire change of internal and external structure through building new additions or extensions.

Table 6.6.1 Shophouse Renovation in Dihua Street, Taipei, 1995

	Preserved or Partly preserved	*Dilapidated*	*Altered*	*Under re-construction*	*Reconstructed*	*Total*
Section(1)-(4)						
Number	28	58	121	10	80	297
% of the total	9.6	19.5	40.7	3.4	26.9	100
Section (1)						
Number	7	20	12	4	54	97
% of the total	7.2	20.6	12.4	4.1	55.7	100
Section (2)						
Number	6	17	48	3	17	91
% of the total	6.6	18.7	52.7	3.3	18.7	100
Section (3)						
Number	9	8	29	1	0	47
% of the total	19.1	17.0	61.7	2.1	0.0	100
Section (4)						
Number	6	12	30	2	8	58
% of the total	10.4	20.7	51.7	3.4	13.8	100

Source: Field Survey Conducted by the Author in 1995

reconstructed or under reconstruction (2.1 per cent and 17.2 per cent), a very large proportion of shophouses altered (61.7 per cent and 51.7 per cent), and a higher percentage of shophouses preserved or partly preserved (19.1 per cent and 10.4 per cent). In short, there was only a small proportion of shophouses restored or redeveloped in conformity with the official plans, but a majority of shophouses altered or re-constructed by their private owners to accommodate their present use. Most importantly, there was a great number of shophouses left dilapidated as some landlords boycotted the policy.

The aesthetic and physical deterioration caused by the uncertainty of the policy threw a dark shadow on the property market in the DSZ.

> The physical appearance of Dihua Street turns to be an absolute mess. Most shophouses have been altered or extended to adopt new uses. Some shophouses have been abandoned or left decayed because their owners are against conservation. For property developers or home-buyers, this area does not have too much attraction.
>
> (Informant T.4)

> The authority allows private owners to build new buildings behind the front portions of shophouses. The combination turns out to be an absolute failure. These buildings look so ugly. Someone even says they look like tombs. This image represents death and bad fortune. The good 'Fung Shui' in this area has been destroyed. That is why no one wants to buy these flats.
>
> (Informant T.5)

During the period 1983-95, there were a total of twenty-one property development projects involving the redevelopment of thirty-one shophouses taking place in Dihua Street. The data is presented in Table 6.6.2 and divided by three periods: 1983-85, 1986-

92, 1993-96 on the ground that these projects had been redeveloped according to various regulations in different time periods. It is shown that six out of twenty-one projects were completed in Dihua Street during the initial period, namely, between the announcement of the DSZ and the release of legislation for development control (the GBC). Due to the policy vacuum, all of them involved the entire demolition of shophouses and the redevelopment of land according to urban design guidelines. After redevelopment, a total number of eighty-nine flats were released to the market and sold at prices of NT$ 84,000-105,000 p.sq.m. The prices were very similar to the average price of newly-built flats in Yenping District during the same period (Appendix, 1.22). It is also notified that 80-100 per cent of flats generated from these projects were sold successfully.

Ten development projects were undertaken in Dihua Street between 1986 and 1992. Five out of them involved shophouses which were listed as 'third grade historic buildings' by the GDSSZ. It means that some part of the front portions of shophouses would be retained but new buildings were allowed to be constructed at their back. The other five projects were located in Kanku Street, Anshi Street and Kuasui Street - the sub-divisions of Dihua Street. The original shophouses were entirely demolished and new buildings were constructed according to design guidelines. However, after redevelopment, a total of ninety-three flats were completed and sold to the market. Interestingly, new flats completed in 1986 were sold at prices of NT$ 80,000-12,000 p.sq.m. The prices jumped almost three times to NT$ 289,000-315,000 p.sq.m. in 1989. This situation needs to be carefully examined. As we have seen before, the late 1980s was a critical period for Taipei's property market. The prices for newly-built flats in Taipei increased enormously since the price mechanism of the property market was broken down by the speculative demand. For instance, the average price for newly-built flats in Yenping District was NT$ 845,000 in 1986. It soared more than three times to NT$ 267,9000 p.sq.m. in 1989 (Appendix 1.22). Hence, the remarkable increase in prices of newly-built flats in Dihua Street during the period 1986-89 should not be considered as an individual event but a reflection of the general trend in the property market in Taipei in the late 1980s.

The selling rate of new flats generated from these project provides another important aspect. It is reported that six out of ten projects did not sell out completely. The selling

Table 6.6.2 Housing Development in the Dadowchang Special Zoning, Taipei, 1983-1995

Address	*Year of Construction*	*Type of Development*	*Number of Unit*	*Price(NT$10,000 p.sq.m.)*	*Selling rate (%)*
			1981-1985		
Dihua Street					
Section(2)					
No.258	1983	5F apartment	5	9.2	100%
No.238-40	1984	7F apartment	14	8.4	90%
Section(3)					
No.147	1983	8F apartment	8	10.2	100%
Section(4)					
No.63	1983	8F apartment	32	10.3	90%
No.99	1983	5F apartment	10	10.6	80%
No.48-50	1983	10F apartment	20	10.5	90%
			1986-1992		
Dihua Street					
Section(1)					
No.304-306	1989	7F apartment	7	24.6	29%
No.267-277	1989	10F apartment	22	31.5	59%
No.279-285	1990	10F apartment	30	30.0	33%
Section(2)					
No.214	1987	5F apartment	10	10.9	40%
Section(4)					
No.104	1991	(Permission granted but no construction)			
No.89-91	1986	8F apartment	24	11.9	55%
Kanku Street					
No.22	1986	6F apartment	24	7.9	75%
No.35	1990	16F office	26	48.0	42%
Anshi Street					
No.99	1989	5F studio flat	10	19.7	80%
Kuasui Street					
No.170	1989	11F studio flat	40	28.9	91%
No.4	1986	10F apartment	40	7.6	25%
			1992-1995		
Dihua Street					
Section(1)					
No.339	1992	(Permission granted but no construction)			
No.356	1992	(Permission granted but no construction)			
No.309	1992	(Permission granted but no construction)			
No.366	1993	(Permission granted but no construction)			
No.345	1995	9F apartment	(Under construction)		

Source : Liba Real Estate, Taipei; Public Works Department, Taipei Municipal Government

rate of these new flats was in a range between 30 and 50 per cent. The acceptance of these flats by the market appears to have been questionable. It affected the development projects initiated in the later period. For instance, the owners of the shophouse at No. 114 Dihua Street had obtained permission in 1991 to redevelop their land. In conditions that made new flats difficult to sell, they decided to suspend their development project (Informant T.1). The property glut became evident after the release of the DPDSZ in 1992. Five projects were granted building permission during the period 1992-95. Four of

them were completely withdrawn, with only one project under construction (Table 6.6.2).

Another way to inspect the development of the locality is through the change in land use. In the previous section I mentioned that the absence of data after 1969 created difficulties for our understanding of land use in the 1970s. Alternatively, I compared the 1969 data with the data obtained from a land-use survey which was conducted by the YFCE in 1989. The comparison could present the major differences between land use at two points of time, but has little to say whether the designation of the DSZ in 1983 and the introduction of the GBC in 1985 have directly affected this change. The data of land use obtained from my field survey in 1995 was added to the analysis. This enables me to study the changes in land use after the introduction of the GDSSZ in 1988 and the DPDSZ in 1992.

Table 6.6.3 Land Use in Dihua Street, Taipei, 1989, 1995

	Residential Use	*Commercial Use*						*Office Use*	*Vacant*	*Total*
		Chinese Medicine	*Dry food*	*Rice*	*Textile*	*General*	*Sub-total*			
					1989					
Section (1)										
Number	29	6	27	1	1	36	71	0	1	101
% of the total	28.7	5.9	26.7	1.0	1.0	35.6	70.3	0	1.0	100
Section (2)										
Number	4	5	45	1	1	21	73	0	3	80
% of the total	5.0	6.3	56.3	1.3	1.3	26.3	91.3	0	3.8	100
Section (3)										
Number	0	13	33	0	0	4	50	0	0	50
% of the total	0.0	26.0	66.0	0.0	0.0	8.0	100.0	0.0	0.0	100
Section (4)										
Number	0	29	10	0	36	26	101	0	3	104
% of the total	0.0	27.9	9.6	0.0	34.6	25.0	97.1	0	2.9	100
Total										
Number	33	53	115	2	38	87	295	0	7	335
% of the total	9.9	15.8	34.3	0.6	11.3	26.0	88.1	0.0	2.1	100
					1995					
Section (1)										
Number	23	4	12	4	3	26	49	3	15	90
% of the total	25.6	4.4	13.3	4.4	3.3	28.9	54.4	3.3	16.7	100
Section (2)										
Number	13	7	38	6	0	20	71	2	4	90
% of the total	14.4	7.8	42.2	6.7	0.0	22.2	78.9	2.2	4.4	100
Section (3)										
Number	0	23	28	2	0	2	55	1	0	56
% of the total	0.0	41.1	50.0	3.6	0.0	3.6	98.2	1.8	0.0	100
Section (4)										
Number	0	33	22	0	29	5	89	5	5	99
% of the total	0.0	33.3	22.2	0.0	29.3	5.1	89.9	5.1	5.1	100
Total										
Number	36	67	100	12	32	53	264	11	24	335
% of the total	10.7	20.0	29.9	3.6	9.6	15.8	78.8	3.3	7.2	100

Source: YFCE, 1989; Field Survey Conducted by the Author in 1995

According to the 1989 survey, residential use in Dihua Street witnessed a 10.3 per cent decline since 1969 while commercial use increased 8.2 per cent. The percentage share of residential use thus decreased to 9.9 per cent in 1989 and commercial use accounted for 88 per cent of the total. It also notified that 2.1 per cent of floor space was left vacant. Amongst the sub-categories of commercial uses, rice wholesale and general trade declined 13.9 per cent and 6.5 per cent respectively. They were countered by the increase of dry food, Chinese medicine and textile wholesalers, which accounted for 22 per cent, 0.7 per cent and 6 per cent respectively. In 1989, three sectors altogether made up 60.2 per cent of the total (Table 6.6.3~4). It is obvious that land use on Dihua Street was more commercialised in 1989 than in 1969. Moreover, commercial activities were more specialised and were dominated by Chinese medicine, dry-food and textile wholesalers. General trade and services declined as a result of the out-movement of residential population in the 1970s. The agglomeration of commercial activities remained largely unchanged, except that Chinese medicine wholesalers, which previously concentrated in the second section of Dihua Street, by then moved to the third and the forth sections.

From 1989 to 1995, commercial use experienced a 9.3 per cent decline, and the percentage share dropped to 78.8 per cent. Residential use accounted for 10 per cent of the total. Approximately 3.3 per cent of shophouses were under office use and 7.2 per cent of them were left vacant. The number of shophouses used by dry food, Chinese medicine

Table 6.6.4 Change in Land Use in Dihua Street, Taipei, 1969-89, 1989-1995

	Residential Use	*Commercial Use*						*Office Use*	*Vacant*
		Chinese Medicine	*Dry Food*	*Rice*	*Textile*	*General*	*Sub-total*		
				% Change of Land Use					
1969-1989									
Dihua Street	-10.3	0.7	22.0	-13.9	6.0	-6.5	8.2	-	-
Section(1)	11.9	-19.8	17.8	-11.9	-2.0	3.0	-12.9	-	-
Section(2)	-28.8	1.3	36.3	-27.5	1.3	13.8	25.0	-	-
Section(3)	-28.0	8.0	44.0	-12.0	0.0	-12.0	28.0	-	-
Section(4)	-7.0	17.4	6.1	-4.7	18.3	-33.1	4.1	-	-
1989-1995									
Dihua Street	0.9	4.2	-4.5	3.0	-1.8	-10.1	-9.3	3.3	5.1
Section(1)	-3.2	-1.5	-13.4	3.5	2.3	-6.8	-15.9	2.2	15.7
Section(2)	9.4	1.5	-14.0	5.4	-1.3	-4.0	-12.4	1.8	0.7
Section(3)	0.0	15.1	-16.0	3.6	0.0	-4.4	-1.8	5.1	0.0
Section(4)	0.0	5.4	12.6	0.0	-5.3	-19.9	-7.2	3.3	2.2

Source: YFCE, 1989; Field Survey Conducted by the Author in 1995

and textile wholesalers remained stable. Altogether they made up 59.5 per cent of the total. General trade and service experienced a sharp decline and the percentage share fell to 15.8 per cent. It seems that the commercialisation of land use led by the growth of general trade and service in the previous period had already ceased. There were fewer shophouses used for commercial activities and more of them under residential use or left vacant. Commercial specialisation in this area appears to have continued and the pattern of agglomeration remained the same.

The trends of property development and land use in Dihua Street reflected on land values. From 1984 to 1995, the average land value in the Dihua Street area increased 130 per cent while that in the Hungha North Road area rose 104 per cent (Table 6.6.5). The increase in land value in the DSZ seems to have been limited in comparison with that in the previous period (Table 6.5.1). Yet it is also noticed that the average land value in Yenping District only increased 50 per cent. This is because at this stage, the focus of urban development had already moved to the sub-centre and the suburban area. Hence, land values in most places in Yenping District were affected. The change in land values in the DSZ could be just a reflection of the general situation in Yenping District.

Table 6.6.5 Land Values in the Dadowchang Special Zoning and its Adjacent Area, 1984-1995

	Dadowchang Special Zoning				*Adjacent Area*				*Yenping District*	
	Dihua Street		*Hungha ND*		*Chunching ND*		*Yenping ND*			
	MV (sq.m.)	% Change	MV (sq.m.)	% Change	MV (sq.m.)	% Change	MV (sq.m.)	% Change	MV (sq.m.)	% Change
1984	116,646	16.7	76,855	8.5	135,651	12.2	170,557	61.6	138,794	0.6
1985	131,484	12.7	77,359	0.6	151,311	11.5	180,690	5.9	139,797	0.7
1986	147,216	12.0	79,883	2.9	167,874	10.9	192,566	6.6	140,600	0.6
1987	163,841	11.3	100,215	10.3	185,340	10.4	218,263	13.3	140,800	0.1
1988	181,360	10.7	108,584	8.4	203,707	9.9	245,525	12.5	145,213	3.1
1989	199,773	10.2	117,276	8.0	222,978	9.5	274,352	11.7	149,567	2.7
1990	219,170	9.7	126,293	7.7	243,150	9.0	304,744	11.1	157,543	5.3
1991	239,460	9.3	135,632	7.4	264,225	8.7	336,700	10.5	168,772	7.0
1992	258,440	7.9	142,132	4.8	283,400	7.3	369,840	9.8	173,986	2.9
1993	260,780	0.9	145,603	2.4	305,350	7.7	406,500	9.9	187,998	8.1
1994	264,160	1.3	149,243	2.5	333,400	9.2	443,500	9.1	193,221	3.2
1995	268,320	1.6	154,296	3.4	356,430	6.9	467,000	5.3	208,527	7.7
1984-1995		130		104		163		174		50.3

Source: Land Department, Taipei Municipal Department

Interestingly, the increase in land values in the adjacent area of the DSZ was more significant than in the DSZ. The percentage increase in land values in the Yenping North Road area and the Chungching North Road area stood at 163 per cent and 174 per cent respectively. In 1995, land values in both areas exceeded the average land value in Yenping District. The disparity of land values between the DSZ and its adjacent area was also enlarged as land value in the Yenping North Road area was 1.5 times higher than the Dihua Street area and 3 times higher than the Hungha North Road area. At a closer inspection, while two preceding legislation, the GBC and the GDSSZ enacted in 1985 and 1988, the percentage change of land values in the DSZ seems to have been similar to that in its adjacent area (Table 6.6.5). Yet the release of the DPDSZ in 1992 led to a slowdown of the percentage change of land values in the DSZ in the coming years. Land values in the Dihua Street area, where shophouse conservation was initiated, came to a standstill.

The analysis developed here suggests that the introduction of the DSZ did not bring positive effects on land and property values. On the one hand, the economic viability of a conservation-based redevelopment strategy was in serious doubt. Many landlords were convinced that the idea of increasing land value on the basis of historical and cultural resources, was basically wrong. This added a deeper tone to the picture as the policy was originally born without their consent.

> Do not mention any plan to me. The whole idea is crap. This is a government which cannot even clean the rubbish on the street properly. What do you expect from them? The DSZ is not the first case which failed. The government always wants to get things done without paying any cost.....However, I am not fixing old house any more. It will quickly fall by itself any way. I am just waiting here. Time is standing on my side.
>
> (Informant T.6)

On the other hand, trade activities in Dihua Street such as dry food, textile and Chinese medicine wholesale businesses, which had been associated with the locality for centuries, and which had been taking the advantage of cheap rent, still thrived in this area. The designation of the DSZ, to all intents and purposes, helped to prevent the displacement of these trade activities caused by any substantial increase in land and property values. Although the historical landscape of this area was gradually fading away, the original community of long-time residents, a community largely bounded by business ties and social interaction, somehow found its place to survive.

6.7 Agents Reconsidered

6.7.1 Community as a Site of Resistance? A Land Interest Inquiry

The local community was divided by contradictory views on the Dadowchang Special Zoning. Two neighbourhood organisations, the DHSRA and the DDCRA, were formed during the planning process and both of them played important part in the policy decision-making. The DHSRA was mainly composed of landlords and local real-estate developers who were in favour of the original road-widening plan. They worked closely with parliament members and local politicians, aiming to get the official decision reversed (Informant T.6). The DDCRA consisted of local residents who supported shophouse conservation. Unlike the DHSRA, it was a less homogeneous group. Although the core members were landlords who owned properties in Dihua Street, the DDCRA also included landlords and tenants who owned properties or lived in the surrounding area. They operated in partnership with other civil groups and determined to seek support from the general public (Informant T.10).

The conflicts within the local community seem to have been one of the major reasons that prevented the policy getting off the ground. To closely examine the situation, a questionnaire survey was conducted in 1995 targeting a total number of 232 occupants in Dihua Street, including landlords and tenants. The first thing to be noted is that most of the land and shophouses in Dihua Street were privately-owned and a great majority of them were owner-occupied. Land ownership was highly fragmented as land was divided by family members. As shown in Table 6.7.1, in 1995, about 62 per cent of

Table 6.7.1 Land Ownership in Dihua Street, Taipei, 1995

	Section (1)	*Section (2)*	*Section (3)*	*Section (4)*	*Total*
Owner occupied					
Number	44	46	27	26	143
% of the total	65.7	63.9	61.4	54.2	61.9
Tenanted					
Number	23	26	17	22	88
% of the total	34.3	36.1	38.6	45.8	38.1
Ownership in average					
Number	3.3	2.98	2.25	1.5	2.5
Land area in average					
Area (p.sq.m.)	279	416	616	580	450

Source: A Field Survey Conducted in 1995

Table 6.7.2 Result of the Opinion Survey in Dihua Street. 1995

	Section(1)	*Section(2)*	*Section(3)*	*Section(4)*	*Total*
Landlord					
Support or conditional support	12	8	17	11	47
	9.3%	6.2%	13.2%	8.6%	36.7%
Opposite	35	20	7	10	62
	27.3%	15.6%	5.4%	7.8%	48.4%
Unwilling to reply	7	3	3	6	19
	5.4%	2.3%	2.3%	4.6%	14.8%
Tenant					
Support or conditional support	7	4	8	11	30
	9.5%	5.4%	10.8%	14.8%	39.2%
Opposite	8	5	1	4	18
	10.8%	6.8%	1.4%	5.4%	24.3%
No opinion	12	9	3	2	26
	16.2%	12.2%	4.1%	2.7%	35.1%

Source: Field Survey Conducted by the Author in 1995

shophouses in Dihua Street were owner-occupied while 38 per cent of them were tenanted. The percentage share of owner occupation was 65.7 per cent in the first section and 54.2 per cent in the fourth section. This means that more shophouses in the southern sections were rented out rather than owner-occupied. The average number of owners of each land-parcel was 2.5 persons. Secondly, amongst landlords, 48.4 per cent of them opposed conservation, while 36.7 per cent of them supported or conditionally supported conservation, and 14.8 per cent of them reserved their opinions. Moreover, 24.3 per cent of current tenants were against conservation, while 39.2 per cent of them supported or conditionally supported it. A very large proportion of tenants, about 35.1 per cent of the total, reserved their opinions (Table 6.7.2). This is because tenants had limited rights and protection in the legal system, thus having little to say about the ways that landlords were dealing with properties.

The analysis given previously already provides some explanations of the resistance of local residents to the DSZ: Urban policy was not consistent in the past and the planning authority often failed to act in many issues. Property development in Yenping District was slow and halting in comparison with the fringe area of the sub-centre and the suburban area which were rapidly developed since the 1970s. The difference in land values between Yenping District and these districts became evident. Due to the lack of public and private investment, this area was plagued by inadequate infrastructure which was not properly maintained. Local residents suffered greater discrimination in the provision of public services and facilities for a long period. Thus, it is not surprising that

the feeling of being left behind was a commonly shared experience. The resistance of local residents to the DSZ was a product of the pent-up frustration and the hope for change:

> Taipei has experienced rapid development over the last two decades. Dadowchang has been neglected by the government. People who live in other districts have better public services and environment quality. We have to suffer from traffic congestion and the lack of public facilities...If Dihua Street is widened, our businesses will become more viable because good accessibility and image will attract more customers to come. As you can see, business in Kuasui Street has become much better since it was widened.
>
> (Informant T.1)

This brings to the fore another interesting question. The above mentioned problems mainly stem from the wider political and economic environment and are generally shared by all members of the community. Thus, how could we explain why for some residents, they overrode the importance of preserving cultural and historical spirits of their living space but not for others?

The possible explanations could be firstly sought at an ideological level. Local residents had different ideas about historical and cultural values of shophouses. Those who supported conservation had more emotional attachment to shophouses and the network of solidarity in the neighbourhood:

> Some people (members of the DHSRA) say that shophouses have nothing to do with Taiwanese culture and history, but only remind us the sham of Japanese colonisation. What a hypocrisy! Two persons I know even have Japanese grandmothers. Their children are also studying in Japan. How can they never mention it?.... I think all historical buildings on this island are part of our history and culture and worth to preserve. The future generation should not forget their roots on this island.
>
> (Informant, T.8)

> Money is not everything. Can I bring all the money to my grave after death?....My father left this shophouse to me ten years ago. I want to preserve it and none of my children is allowed to sell it. My family has run this business since the colonial period. This house tells the story of how a hard-working Taiwanese family like us manage to live through different regimes. The spirit is something that all Taiwanese should be proud of.
>
> (Informant T.9)

Those who opposed conservation, questioned the historical and cultural value of old shophouses:

> Most of shophouses were built during the colonial period. The building styles have very strong Japanese and European influences. This kind of shophouse does not represent our own history and culture but only remind us of a tragic period in Chinese history. This is why the government has to destroy colonial heritage. We should not be deceived by those outsiders (preservationists). Their motives are very dubious.
>
> (Informant T.2)

> These shophouses are too old. The dark corners are grassy and full of mice and cockroaches. They need a lot of money and work to install facilities for modern living. We are modern citizens living in the twentieth century. Why should we live in these nineteenth-century houses? Historic preservation is just a nostalgia for the old days. One should not be self-satisfied in such an idealistic and illusory fantasy.
>
> (Informant, T.5).

The ideological conflict has been one of the factors shaping public opinions in the DSZ. It is a reflection of a deeply-seated identity crisis that has come to the surface. However, this does not explain in the first place why some landlords perceived things differently from the way others perceived them. The most interesting event in this debate was that anti-conservation residents were described by their opponents as 'short-sighted money-grabbers' (Informant, T.6). In reply to this challenge, they alleged that pro-conservation residents were nothing but 'hypocrites' pretending they do not care about money. The main argument in favour of this claim was that pro-conservation residents were motivated by their land interest rather than cultural sentiment.

> If you think we are the only ones who like money, you are making a terrible mistake. Who does not want money?....Those who support conservation often speak in moral tones and consider themselves are right and mighty. You have been given wrong ideas. They just want to use conservation for moralising the pursuit of their personal interest. Don't forget, those people are also businessmen like us. Every inch of the land has been taken into account; and every move they take has been carefully calculated.
>
> (Informant T.2).

Table 6.7.2 reveals a spatial dimension of this conflict. Local residents who hold similar opinions, especially those who were against conservation, tended to live in similar locations. It is noted that 55 out of 62 landlords opposing conservation owned properties in the first and the second sections of Dihua Street. At the same time, 28 out of 47 of landlords who supported conservation were those who owned properties in the third and the forth sections. Landlords living in the southern sections appeared to prefer conservation more than those who dwelled in the northern sections. Tenants in general preferred conservation to redevelopment because they did not want to be evicted. Hence, it is not surprising that the number of tenants who supported conservation was almost twice as high as those who opposed conservation. Interestingly, tenants who supported conservation represented a overwhelming majority in the southern sections. Yet in the northern sections, two-thirds of tenants actually supported redevelopment or reserved their opinions. This testified to the importance of location in deciding public opinions.

A necessary step here is to examine the subtle differences between two locations. Recalling the data of land use presented in the previous section, there seems to have been a variation of land use between the southern sections and the northern sections of Dihua Street (Table 6.6.3~4). In 1989, the south sections were totally occupied by commercial use, except for 3 shophouses at the third section, which were left vacant. None of the shophouses in this area was used for residential use. Although rice wholesale and general trade/service decreased remarkably, their places were soon taken by dry food, Chinese medicine and textile wholesales. These sectors altogether accounted for 92 per cent in the third section and 75 per cent in the fourth section in 1989. This trend seems to have been continued in 1995. The south sections were mainly occupied by commercial use, except for six shophouses were under office use and five shophouses which were left vacant. Chinese medicine, dry food and textile wholesalers altogether accounted for 91.1 per cent in the third section and 84.8 per cent in the fourth section. It suggests that the southern sections were favourable business locations for the growing sectors such as Chinese medicine, dry food and textile wholesalers in this area.

Land use in the northern sections of Dihua Street differed in many ways. In the first section, 28.7 per cent of shophouses were under residential use while 70.3 per cent of them were used by businesses in 1989. Residential use rose 11.9 per cent during 1969-89 while commercial use had a reduction of 12.9 per cent as a result of remarkable declines in both rice and Chinese medicine wholesalers. In the second section, 91.3 per cent of shophouses were under commercial use. The percentage share increased 25 per cent over time owing to the growth of general trade and services. Rice wholesalers, on the contrary, witnessed a sharp decrease. However, land use in the northern sections was dominated by residential use and general trade and services. This development was in reverse of the general trend in Dihua Street as a whole - a decline of residential population and the relevant commercial activities. In 1995, a larger number of shophouses in the northern sections were used for residential purposes or left vacant, and the number of dry food wholesalers continued to fall. In the first section, 16.7 per cent of shophouses were vacant and 25.6 per cent were under residential use. The percentage shares in the second section was 4.4 per cent and 14.4 per cent respectively. It suggests that land use in the northern sections changed from commercial use to residential use or left vacant.

It is also obvious that land values were lower in the northern sections and were higher at the southern sections (Table 6.7.3). The average land values were about NT$ 150,007 sq.m. in the first section and NT$ 190,117 sq.m. in the fourth section in 1983. Land value in the fourth section was 1.2 times higher than that in the first section. From 1983 to 1995, land values in the northern sections increased 12 per cent while those at the southern sections rose up 25-26 per cent. The contrast of land values between two areas became more evident. The average land value in the fourth section was almost 1.5 times higher than that in the first section. It is obvious that under the current land use, land in the northern sections was less valuable than that in the southern sections.

The possible explanations for the difference of land use and land value between the two areas were firstly, the urban renewal projects initiated by the government in the 1970s mainly concentrated in the south. Although the average value of land in Dihua Street increased after the implementation of this plan, the southern sections seem to have benefited more than the northern sections. Secondly, traffic congestion caused the out-movement of wholesale businesses from the northern sections. Traffic on the Taipei Bridge became increasingly busy from the 1970s because Mingchung West road became an important thoroughfare linking the city and the county. It created serious congestion at the junction of Dihua Street and Mingchung West Road. Wholesalers in the northern sections had more difficulties in loading or delivering goods. Rice wholesalers, which

Table 6.7.3 Change in Land Value in Dihua Street by Sections, Taipei, 1978-1995

	Section(1)	*Section(2)*		*Section(3)*	*Section(4)*
		Block(a)	*Block(b)*		
1978	60,892	67,406	-	71,992	77,707
1980	94,335	104,630	-	118,574	122,628
1983	150,007	164,390	-	185,061	190,117
1985	148,848	164,390	-	185,061	190,117
1988	162,379	173,042	205,187	201,153	209,916
1991	156,000	166,000	189,000	202,000	208,000
1992	166,000	180,000	204,000	216,000	228,000
1993	166,000	180,000	204,000	221,000	232,000
1994	168,000	184,000	204,000	224,000	236,000
1995	168,000	184,000	208,000	232,000	240,000
%Change (1983-95)	12.1 %	12.0 %	-	25.0 %	26.3 %

Source: Land Department, Taipei Municipal Government

demanded large areas for parking, moved out to the county area from the 1980s. They were followed by dry food wholesalers who also sought to leave in the 1990s. Hence, for residents in the northern section of Dihua Street, the traffic problem and its effects on the business environment were critical. This can partly explain the reason why the road-widening plan was more appealing to landlords and tenants in this area.

For residents in the southern sections of Dihua Street, land values were relatively higher as most shophouses were under commercial use. The development of property for sale would cause the loss of land. As mentioned before, if landlords developed their land in partnership with real-estate companies, generally they would yield land in exchange with about forty per cent of newly-generated floor space. Additionally, the southern sections were where Chinese medicine, dry food and textile wholesalers concentrated. The rich cultural and historical background created an image needed by these type of businesses. Hence, landlords were less interested in changing the character of the neighbourhood but wished only to protect it from further deterioration.

However, apart from the factors stemming from the external environment, we still need to look into the internal decision-making process that individual landlords have been through. I select the data from landlords in two opinion groups for a detailed analysis. The first group consists of landlords who support or conditionally support conservation and the second group is made up of landlords who are against conservation (Table 6.7.4~5). It is revealed that landlords in the first group had relatively little land in comparison with those in the second group. The average land-area owned by the first group was 374.9 sq.m. while that of the second group was 657.3 sq.m.- almost twice as big. Different type of land use could also be summarised in two opinion groups. All of landlords in the first group had land currently under commercial use. Amongst 47 landlords in this group, 13 of them were Chinese medicine wholesalers and 23 of them owned dry food businesses. It is also notified that in the second group, only 69 per cent, or 49 landlords had shophouses under commercial use. Amongst these landlords, 26 of them were dry food or Chinese medicine wholesalers, 16 of them managed general trade and service, and another 6 landlords were rice wholesalers. Also, 32 per cent or 23 landlords in the second group had shophouses under residential use or left vacant. It seems that landlords in the first group managed the kind of businesses which were more vigorous in this area.

Table 6.7.4 Land Area, Land Ownership and Land Use in Dihua Street by Opinion Groups, 1995

	Land Area	*Ownership*	*Land use*			
			Commercial	*Residential*	*Vacant*	*Total*
	(Sq.m.)	*(Person)*	*No. (Percentage)*			
Landlords -support conservation						
Section(1)	172.5	3.2	12 (100)	0 (0)	0 (0)	12 (100)
Section(2)	343.0	2.1	7 (100)	0 (0)	0 (0)	7 (100)
Section(3)	432.0	2.6	17 (100)	0 (0)	0 (0)	17 (100)
Section(4)	552.0	1.7	11 (100)	0 (0)	0 (0)	11 (100)
Total	-	-	47 (100)	0 (0)	0 (0)	47 (100)
Average	374.9	2.4	-	-	-	-
Landlords- oppose conservation						
Section(1)	386.3	3.3	19 (54)	12 (34)	4 (11)	35 (100)
Section(2)	730.0	3.9	13 (65)	4 (20)	3 (15)	20 (100)
Section(3)	801.0	2.0	7 (100)	0 (0)	0 (0)	7 (100)
Section(4)	730.0	1.2	10 (100)	0 (0)	0 (0)	10 (100)
Total	-	-	49 (69)	16 (23)	7 (10)	62 (100)
Average	661.0	2.6	-	-	-	-

Source: Field Survey Conducted by the Author in 1995

For landlords in the first group, road-widening and comprehensive redevelopment were not economically feasible. First, to widen Dihua Street, the authority must purchase the designated 'reserved land' from private landlords. Landlords would receive compensation at a price of the 'officially announced market value'. As discussed earlier, this value is much lower than the actual transaction price of land in the market. Hence, landlords who owned valuable land were unwilling to sell it to the authority. Secondly, after acquisition, landlords who had land parcels of smaller size would not have too much land left. According to the planning regulations, while land parcels were smaller than the minimal size of building site, they could not be developed without combining with adjacent land parcels. The market value of small parcels thus was always depressed. Moreover, three or four land parcels of this kind had to be combined in order to meet the requirement for development. As mentioned before, the average number of owners was 2.4 for each land parcel (Table 6.7.4). Co-operative development became more difficult because it would take a longer time to achieve an agreement. It is not surprising that landlords who held small land parcels were not in favour of the road-widening plan.

> To meet the requirement, a redevelopment project on average will involve three or four land parcels. Land in this area is usually shared by many owners. Some of them are dead, some have gone abroad. It is very difficult to obtain an agreement from all owners. In my case, the neighbouring land of mine is owned by twelve people. Co-operative development is almost impossible.
>
> (Informant T. 9)

Table 6.7.5 Land Use in Dihua Street by Sectors and Opinion Groups, 1995

	Residential Use	*Commercial Use*						*Vacant*	*Total*
		Chinese Medicine	*Dry food*	*Rice*	*Textile*	*General*	*Sub-total*		
Landlord- support conservation									
Section (1)	0	2	2	0	1	7	12	0	12
Section (2)	0	1	6	0	0	0	7	0	7
Section (3)	0	3	14	0	0	0	17	0	17
Section (4)	0	7	1	2	1	0	11	0	11
Total	0	13	23	2	2	7	47	0	47
Landlord- oppose conservation									
Section (1)	12	0	9	0	0	10	19	4	35
Section (2)	4	3	7	1	0	2	13	3	20
Section (3)	0	1	2	0	0	4	7	0	7
Section (4)	0	2	2	5	1	0	10	0	10
Total	16	6	20	6	1	16	49	7	62

Source: Field Survey Conducted by the Author in 1995

As long as their business were still making good profits, landlords were likely to pay the cost for restoration rather than to redevelop the land - which could risk the benefit that they already possessed.

> My monthly income is partly generated from renting out this shophouse. It is about 60,000 dollars per month. I will lose rent for at least three years if I redevelop the land. That is two millions. Some people prefer to invest in property development with hope of reaping substantial short-term profit. I do not think it is a good strategy. As long as business is good, I do not want any drastic change.
>
> (Informant, T.7)

> For shop owners, the confluence of customers is very important. The agglomeration of businesses here has created advantage for us. Redevelopment will take at least four-five years. During this transitional period, we will have to move to somewhere else and will suffer from the loss of customers. At the end of the day, what you have lost will be greater than what you have gained.
>
> (Informant, T.8)

Hence, it is not surprising that they will utilise this controversial agenda to preserve their advantage. This can partly explain why many landlords declared their enthusiasm for conservation but only a few of them actually put it into practice.

For landlords in the second group, their land parcels were of larger size. Although road-widening would cause the loss of land, the remaining land parcels were still big enough and could be redeveloped without combining with other land parcels. The negotiation process would be less complicated as the average of number of owners for each land parcel was only about 2.6. Furthermore, the present use of their land did not bring too much advantage to these landlords. The income generated from operating their own

business or renting their properties out were declining. It was countered by the increasing cost of maintaining the ageing shophouses. The widespread belief that the area was soon to be levelled for road construction had accelerated the de-investment. Real estate was thus the most important economic commodity for them to capture. However, for these landlords, not only was the road-widening plan among the most important battlegrounds, but also the width of the street was a matter for serious concern. This once again proves that the size of land after the implementation of the road-widening plan was a critical matter, although it has never been mentioned explicitly.

> From our point of view, a 20m-wide road is good enough. Traffic congestion can be solved, our land can be redeveloped, and, the commercial atmosphere can be retained. If the road is to be widened to 30 m or 40m, it will bring a dramatic change to this area. The atmosphere will be completely destroyed. Also, I will lose half of my land..... I support the original road-widening plan as long as it does not take away too much of my land.
>
> (Informant. T.3)

Drawing on these, one could reasonably argued that to see the conflict as purely a matter of the collective psychology of local residents could be misleading. The size of land parcel and the present use of land actually played an important part in the internal decision-making process that landlords were going through. For landlords, land interest was as important as cultural sentiment in shaping their opinions. Hence, there was an similar economic rationale underlying the ideological conflict between two groups of landlords. This is a legacy of the entire economic and ideological system which was designed for pursuing profit. Although many efforts have been made by the authority and civil groups to seek agreement within the community, it could not be achieved easily without tackling the fundamental issue that was now coming out into the open.

6.7.2 Civil Groups' Strategic Moves against Profit-seeking Development

Another important factor precipitating the development of the Dadowchang Special Zoning was the political involvement of two civil organisations - The Yoshan Foundation of Culture and Education (YFCE) and the Organisation of Urban Reformists (OURS). The former was the main organisation pressing their demand for shophouse conservation in Dihua Street, while the latter intended to change the formula of policy decision-making and open up the government administration for public participation.

The YFCE was established in 1986 by a group of people who had been active participants in social and cultural movements, and particularly linked by their common experience in area conservation. Their objectives were straightforward - to protect social, historical and human resources and to awaken the society to a sense of its neglect of the living environment (Informant T.11). From its beginning, the YFCE has engaged in promoting area conservation in places such as Sanshia, Juifan and Dadowchang, and has acted as an effective opposition voice against the demolition of historical heritage. Although the organisation itself was not based on large numbers, they built up a supportive network extending through academia and other civil groups. Their consistent contribution to historical preservation and success in combining a variety of social resources made them the leading organisation of the conservation movement in Taiwan.

The YFCE began their campaigns in Dadowchang in 1988 because the conservation strategy favoured by the government, in so far as they perceived it, was one biased towards landlords' private interests. They started with a very clear cultural demand - to save shophouses in Dihua Street from the hands of landlords and property developers, and to increase residents' individual consciousness of their responsibility to the common heritage. A protest was quickly organised on the basis of a broader coalition with cultural associations, neighbourhood organisations, professional associations and academia. It thus successfully drew press attention, by which means a vast body of public opinion was developed for an alternative strategy for the DSZ. The political impact was obvious. As discussed in the previous chapter, the YFCE convinced the government to keep more options open, and won itself a research project in 1989 which gave it a real chance to transform the government's approach to the DSZ. The YFCE then allied itself with another civil organisation- the Organisation of Urban Reformists (OURS) - in view of the fact that more planning expertise was needed to carry out this project.

The OURS was formed in 1989 by a group of architects and planning professionals who believed in a new form of professionalism developed on the basis of a separate planning function within or in contact with grassroots organisations. Members introduced public participation into their professional practice, worked with neighbourhood organisations, provided knowledge and expertise and helped in resolving environmental problems. By doing so, they carved out an intermediary role for themselves that earlier planners had not needed to play.

> Our environmental problems are deeply-seated and very complicated. The government often fail to touch the real issues.....People gradually realise that they cannot wait for a competent government to come.. If they do not take action, they will be neglected as usual.....The planning process should be open to citizens who are to be affected. They understand their own problems well and should have the right.
>
> (Informant, T.14)

In answer to the request of the YFCE, a research team was formed by members who were currently working at universities and shared a common interest in shophouse conservation. The research team studied the traffic plan in detail and became convinced that the original idea was an overly narrow one. First, road widening was not a solution for traffic congestion in Dihua Street. By contrast, it could make the situation worse while people living in the surrounding area started to use Dihua Street as a short cut to the old CBD. In their opinion, traffic congestion could as easily be handled by improvement in local streets at less cost, for instance, through establishing a one-way system and controlling street parking. Add to this, if shop owners agreed to withdraw goods displaying in the front areas of shophouses, a pleasant footpath under the arcade could be created for pedestrians. It would also be helpful for traffic flow on the street (Informant, T.13).

Secondly, road-widening itself did not provide enough initiative for property development. It was a combination of external and internal reasons such as the trend of uneven development, aesthetic and physical deterioration of the general environment, the complicated nature of land ownership, and the over-heated land prices due to landlords' expectation of profit-return, made land and housing in this area less appealing to property developers and home-buyers. These problems could not be solved easily. Under these circumstances, shophouse conservation could generate a different kind of property value. It could be done through combining traditional trade with culture and leisure - related activities, such as folk museums, cultural centres and art schools, also by using the river as a major source for developing tourism in this area. Shophouse conservation could be more economically viable in comparison with comprehensive redevelopment (Informant, T. 13).[26]

The research team also believed the idea that the government should purchase shophouses from original owners at market prices and hand them to property developers or private investors for restoration, as proposed by some landlords, was wrong. The pur-

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[26] Their judgement was based on the cost-benefit analysis conducted by Tai-Ding Real Estate Ltd and Chung-Hua Property Accessment and Evaluation Company.

chase itself demanded huge public-spending. The local government would not be able to pay without financial support from the central government, whose stand on urban conservation was still uncertain. Even if the local government could afford the cost of the road construction plan, they had to consider the underlying political cost, as the majority of citizens did not want their tax payments flowing into landlord's private pockets (Informant, T.13). They suggested that private owners should play a leading role in conservation, not only because most of shophouses were privately-owned and were owner-occupied, but also because many owners were long-time residents in this area. Their businesses and social network were as valuable as historic buildings. To preserve the social and economic life of the locality, any policy move which could cause replacement should be carefully avoided. Moreover, they encouraged the formulation of neighbourhood organisations, since it was a necessary step to develop local leaders and to give people an opportunity to exercise their political skills from chairing meetings, talking to the press, making speeches or lobbying parliament members (Informant, T.14). This idea obviously had a populist tone reminiscent of the democratic movement of the period.

The research team's response to policies and strategies developed as follows: extending the Special Zoning to an area bounded by Nanking West Road, Hungha North Road, Mingchung West Road and Anshi Street; renaming the Dihua Street Special Zoning 'the Dadowchang Special Zoning'; revising the Cultural Heritage Preservation Act and introducing the Transfer of Development Right (TDR); establishing a locally-based heritage management system and a committee under the municipal government for co-ordinating separate departments (YFCE, 1989, pp. 107-10). They also proposed three alternatives for shophouse conservation, including the preservation of the first section of every shophouse in Dihua Street, the preservation of shophouses on the basis of assessment, and the preservation of the frontage and arcade of every shophouse (UDD, 1990, pp. 55-63). As discussed earlier, their reports had some immediate impacts on policy. The authority had the name changed and the boundary lines adjusted so that the entire neighbourhood fell in one district. The assessment of shophouses according to a three-grade system was also initiated.

However, the research team thought there was less profit to be made in land speculation in this area, thus they were in a stronger bargaining position vis-à-vis these interests. This idea proved to be wrong. Some landlords and local real estate developers still

believed that comprehensive development was the least risky way of bringing speculative increase in land value. The earlier initiative of public participation already implied a certain enlightenment in local politics, thus it is not surprising to see them forming a solid front to defend their property rights. The slogan 'public interest' was expropriated by these landlords and was used as a weapon to oppose the research team. It created a dilemma to the OURS as their members strongly believed in grassroots democracy and attempted to generate a populist programme 'in the interest of the present population of Dihua Street'.

> What has happened in the DSZ challenges what we believe - a grassroots democracy. If more than fifty per cent of local residents say to you: 'We know our own problems better than you; and the best solution for us is to demolish shophouses'. What are you going to do? The situation in the DSZ is becoming more and more difficult.
>
> We are all victims of previous policies; and now we are fighting again each other.....Sometimes I think: 'All right, let us give up; let it become what it should be'.....Maybe this is the cost we have to pay for grassroots democracy.
>
> (Informant, T.15)

To end the seemingly irreconcilable conflicts, the YFCE turned to create a new conception of 'public interest' in which the majority of citizens could be included. They also attempted to increase public participation so that the policy decision-making could rest more on a mass base and less on organised interest groups. Most importantly, they recognised the importance of developing pro-conservation citizens as a voting bloc and engaging in electoral politics. Their strategy combined first, direct action tactics which aimed to keep citizens in motion, such as demonstrations and rallies associated with other grassroots organisations; and second, electoral politics which targeted pro-conservation candidates in local elections and ensured that they enacted favourable legislation.

> Conflict is a common feature in democratisation process. We will not give up as long as there are some people supporting us, both within and outside the neighbourhood....The government should not have any 'backdoor policy'; and this dilemma has to be resolved openly. To get everybody out of this impasse, we suggest to have a referendum.
>
> (Informant, T.11)

However, the city's shift to pluralist politics became evident as a result of the social and political changes in the late 1980s. As discussed before, Taiwanese witnessed a dramatic upsurge of environmental groups of all kinds. A history of organised experience in the political and social movement created a strong demand for participation in politics and an

alternative of growth-oriented policy. It was this change in political perception that gave the YFCE and the OURS the opportunity to reinforce the kind of policy and politics they believed in. The new government elected in the early 1990s were enthusiastic to show that they were more efficient than the previous administration. The importance of the DSZ was assured by the new regime and several strategic moves were taken. What the government did in the mid-1990s was to regain the trust of the local community and to open the administration up to wider participation. It started with finding the solution for environmental problems such as to provide parking space, good transport management, public facilities and services, since these problems were the shared experience between two community organisations which were currently confronting each other. However, it could be well asserted that even if faced with the resistance of landlords, the municipal government would still keep the DSZ on their agenda, as long as it opened a way to electoral victory in the city.

6.8 Conclusion

The nature of the locality shaped by its previous development has produced different influences on this planning process in the two cases. In Singapore, Chinatown represents the city's original arrangement as a conglomeration of separate enclaves for its various ethnic groups. As a colonial heritage, it perfectly fits in the narrative of the national past invented by the state. Historically, this place had the largest concentration of retail and wholesale businesses associated with foreign trade, operated by local merchants in shophouses. It also accommodated a great number of working-class population employed by traditional businesses. The history of the locality thus became an important source for the state elite during their search for cultural elements that could demonstrate local enterpreneualism, traditional moral values and working ethics. Because of the concentration of businesses and population, inappropriate building regulation and undermaintenance, Chinatown began to experience housing shortages and physical deterioration at the end of the colonial period. The post-war urban expansion, as a result of transportation and public housing development, led to the out-movement of population and businesses from the Central Area to the periphery. Urban redevelopment in the Central Area started in the 1970s but mainly took place in the CBD and Orchard Road. As public

and private investment concentrated in the peripheral area of the city and a small part of the Central Area, physical development in Chinatown was relatively slow; and land in this area was devalued. The increase in land values in Chinatown dropped significantly during property booms. Theoretically, the devaluation of the physical assets would open longer term possibilities for investment. Yet shophouses in Chinatown seem to have provided less profitable prospects than those in other places in the Central Area, since the disparity of land values between vacant shophouses and tenanted shophouses was smaller, and the gap even decreased during the property booms. Rehabilitation instead of comprehensive redevelopment, can be seen as a rational response to the market situation after the mid-1980s. The change in foreign exports, the growth of industrial employment and the development of physical infrastructure of the city all affected the dynamics of shophouse businesses. Traditional businesses, which were associated with the distribution and processing raw materials and consumer goods, rapidly declined, although retail businesses, which basically served the domestic market, still thrived. The expansion of finance, banking and advanced services, in line with the establishment of the financial district in the late 1970s, had impacts on Chinatown. Tanjong Pagar, in particular, became a target for small- and medium-sized firms who demanded a good location close to the financial district. The staged redevelopment initiated by the planning authority began to target precincts in the fringe area of Chinatown, while the majority of population had already moved to the public estates. A triangular area of Tanjong Pagar, with a total of 279 shophouses, was acquired by the housing authority and transferred to the planning authority for redevelopment in the early 1980s. Hence, before this planning process started, more than two-third of shophouses in Tanjong Pagar were already converted into public ownership with residents and commercial premises resettled to the public estates. This paved the way for a pilot project to take place immediately after the release of the conservation plan.

Dadowchang first emerged as a trading port for goods exchange between mainland-China and Taiwan, and then became associated with foreign trade as a result of the treaty signed between China and the Western imperial powers. The earlier physical development illustrated an effort made by the Chinese rulers to strengthen the local economy against foreign challenges. Dadowchang continued to function as a processing, wholesale and export centre for both foreign trade and cross-strait trade under the Japanese

colonisation. The original townscape, a legacy of Chinese governance, was changed by the colonial planning, with most of the shophouses reconstructed. Since the locality was an outcome of both Chinese and Japanese influences at different time in history, the interpretation of local history became a battlefield for those who had conflict identities. Dadowchang witnessed a rapid expansion of factories and the labour market during the post-war development. The lack of planning regulations and the subsequent road-construction for defence purposes worsened the problem of housing shortage and physical deterioration. The development of the county area in the 1970s resulted in the decentralisation of industrial activities and population from the city area. Urban redevelopment in the city area mainly focused on the Hsinyi Sub-Centre and its surrounding districts rather than the old CBD, where land was less available. Land values in Dadowchang increased slowly, while capital investment took place at the periphery and in the vicinity of the sub-centre. However, squatter clearance and road construction in Dadowchang in the late 1970s, although small in scale, had a positive effect on land values, particular for land in blocks along major traffic roads. Physical reconstruction matched the expectations of landowners since they had been seeking opportunities to redevelop their land. Traditional businesses in Dihua Street, composed of dry food, textile and Chinese medicine wholesalers, were least affected by the out-movement of factories and population owing to the expansion of food, textile and clothing industries at the initial stage of industrialisation. General trade and services in the street also continued to grow, and contributed to the diversity of commercial activities in this area. There was also a clear agglomeration of commercial activities at different locations in the street. The prosperity of these remaining businesses played a crucial role in deciding the further land use and land values in this area.

This planning process has produced very different outcomes in Chinatown and Dadowchang. Chinatown has witnessed a sharp rise in land values and the gentrification of land use after conservation. Tanjong Pagar, where the public sector has been largely involved, has been transformed from a centre of traditional trade to an enclave of small offices and recreational activities catering for the white-collar working population. This has three clear implications. First, shophouse renovation has been the most buoyant sector in the property market because the removal of rent-control and the de-regulation of land-use have made investment profitable. Shophouse renovation has offered property

developers and construction companies new investment opportunity after the slump in property development in the mid-1980s. Second, the government has made great efforts to encourage local enterprises to adapt to the demand of the most advanced sector of international capital and to take part in the service economy from the mid-1980s. After conservation, shophouses have provided alternatives for local firms which want to have good contact with headquarters and banks in the financial district. Third, the physical infrastructure of Chinatown has been upgraded due to the inflow of public and private investment. The authority has adopted a more pragmatic and flexible approach, allowing investors to restore or to modernise shophouses for new uses, but maintaining the visual quality of the original urban form. The renovation of Chinatown has contributed to the aesthetic diversity of the Central Area by providing a visual image strikingly in contrast to the previous image of the city as a concrete jungle. However, this planning process also has generated some undesirable consequences. The enthusiasm of private investors has pushed up the bidding price over time and has discouraged the original owners. The displacement of traditional trades and activities has devastated the unique ambience the locality once possessed. The soaring prices caused by speculative investment also has made the business environment very unstable. All these turn shophouse renovation into potential sources of social conflict.

Dadowchang has only seen a small proportion of shophouses restored or redeveloped in conformity with the official plan. The planning authority failed to act not only because of the lack of adequate legislation, autonomy and financial source, but also because of the pressure brought by various interests involving in land and property development. The aesthetic and physical deterioration caused by the uncertainty of the policy has thrown a dark shadow on property values. The recent development has already seen fewer shophouses used for commercial activities and more of them were left under residential use or left vacant. The economic viability of shophouse renovation has still been in dispute. Due to the lack of public and private investment, numerous problems existing in the locality before the introduction of this policy, such as traffic congestion, the excessive fragmentation of land ownership, the decline in property value and the shortage of public facilities, have remained largely unsolved. However, traditional trade activities such as dry food, textile and Chinese medicine wholesalers, which have been taking the advantage of location and cheap rent, still thrive in this area. The local

community, formed by long-time residents and bounded by business ties and social networks, somehow has found a place to survive.

The planning authorities have played different roles and responded differently to the conflicts generated during their practice. The planning authority of Singapore has used compulsory acquisition, rent-control exemption and the land sale scheme to take the property right away from private owners and tenants. Property developers, construction companies, or those who have sufficient capital, have been offered public incentives and opportunities to work in a partnership with the planning authority. Private owners have found it hard to participate due to the lack of capital to restore shophouses. Since the very beginning, cultural diversity has been the very foundation of nation-building and has been given much more prestige in the public domain. Those activities evolved by tradition have existed in ethnic areas for decades and have been the major source to sustain a culturally-specific way of life for citizens. Heritage preservation in first instance originated in the call for cultural identity. Many citizens thus were convinced that traditional activities already threatened by the development process could to some extent be preserved by the government's policy. Yet the government's effort to protect housing stock and traditional trade has been very limited. The controversy regarding conservation practice has evolved around the displacement of traditional businesses and the exclusion of local residents and civil groups. Although they have recognised their own interests and understood the causes of their problems, they have not been able to act on this knowledge for structural reasons that are beyond their control. The planning process once again testifies to the crucial fact that the economic rationale overrode the cultural and political aspect of this policy.

The planning authority of Taipei has encouraged original owners to renovate shophouses according to the official guidelines. Yet the divergent views of the landlords become one of the major reasons that prevent the policy to getting off the ground. The resistance of local residents to the policy is a direct product of the pent-up frustration and the hope for change. In the past, urban policy was not consistent and the planning authority often failed to act in many issues. Because of the lack of investment, the locality was plagued by inadequate infrastructure which was not properly maintained. Local residents suffered greater discrimination in the provision of public services and facilities. The stagnation of property development and the decline in land value became more evi-

dent particular during property booms. It is not surprising that the feeling of being left behind was a commonly shared experience. Although land owners have been divided by their different thinking about historical and cultural values of shophouses, there has been a similar economic rationale behind the battle between two groups of landlords. Land interest has been a more crucial factor than cultural sentiment in shaping their decisions. However, under competitive politics, the local government has been pressed to find a vote-getting formula that can match the expectation of citizens. The government has tried to maintain a balance between competing interests in order to obtain basic support. There has been a determined effort to build a more open government structure and to reach out to more people. This planning process has played a major part in increasing social and political participation. The authority has gradually developed a framework to mediate various interest and to co-operate their activities. Although the policy itself has been constantly shaped by the outcome of bargaining among competing interests, the process of public participation obviously has enabled the conflicts to be solved without damaging political stability.

CHAPTER SEVEN
CONCLUSION

Singapore and Taipei both have witnessed the re-orientation of urban redevelopment policy in their historical centres since the mid-1980s. The new planning policy has combined the objective of re-inventing historical and spatial icons with the attempt to re-invest in the built environment that has aesthetic significance. This thesis demonstrates how the interplay of economic interest, political power and cultural identity has created specific conditions shaping the underlying logic of urban policy, planning regime, property market and cultural practice. The internal dynamics and conflicts of these institutional factors, together with the development in the previous stage, have produced direct or indirect impacts on the process of policy decision-making, the formulation of planning strategies, and the implementation of these strategies.

Singapore

In Singapore, the planning process of the re-invention and re-investment in the historical urban centre has been conditioned by the operation of several forces:

1. The shift of emphasis in the state's development strategy

The state-led industrial restructuring process began in the late 1970s, aiming to upgrade the industrial system and to reduce the reliance on labour-intensive industries for economic growth. The industrial restructuring process did not proceed smoothly at the start because a radical wage policy introduced by the state to displace labour-intensive industries in turn discouraged the inflow of foreign investment; and at the same time, the growth of capital-intensive industries was limited by the decline in export markets and intensive competition from neighbouring countries. The economic recession in 1985 came as a cataclysmic crisis for the state. The development strategy was thus reformulated in the mid-1980s, aiming to build a strong base for service-sector growth, and to constitute a favourable environment for domestic enterprises. The expansion of small- and medium-sized local enterprises and the development of local entrepreneurship assumed greater importance on the official agenda. A corporatist framework, comprising

company welfarism and a team-work model, was introduced in the workplace to improve productivity and enhance industrial relations. Urban planning policy, as an important development device, reflected these new development objectives. The role of the Central Area as a financial and command centre for international co-operations was to be reinforced. The aesthetic aspect of physical environment in the Central Area began to receive serious concern. Historical shophouses became valuable assets for a city that was seeking a distinctive image. They were also seen as visible icons of local entrepreneurship, since local enterprises had been closely associated with traditional trade in the historical centre before industrial development. The corporatist and paternalist relationship between employers and employees, and the traditional work ethic and group solidarity, both had their roots in the operation of traditional trade businesses. As the state made attempts to inspire workers and to reshape their working attitude by means of these traditional ideas, historical shophouses became an important cultural source for promoting devotion to these corporate objectives.

2. The development of consultative politics and the demand for moral regulation under the pressure of political liberation

The growth of financial services and government activities in the past led to the increase of workers in professional and managerial occupations. This sizeable middle-class population had greater exposure to political culture and life style outside the city-state. There emerged a popular demand for an accountable political opposition which could balance the overwhelming domination of the ruling party. The out-looking policy in the previous stage of economic development created serious structural obstacles for local firms. The bias against local enterprises gradually evolved into a political issue, pushing the state to initiate economic reform. The loss of seats in general elections in the early 1980s came as a shock to the ruling party which had been accustomed to its total dominance of the parliament. The recession in the mid-1980s seriously tested the ruling party's ability to maintain economic growth. The government launched a campaign of social mobilisation to grapple with the latent political crisis. Several measures were introduced to integrate the domestic bourgeoisie and the middle class into consultative politics. A new wave of political consolidation was initiated during this transitional period. To meet the require-

ment of moral regulation, traditional values of trust, strong leadership and social harmony were particularly addressed in the official agenda. However, the demand for political liberalisation since the early 1980s has not brought any fundamental changes to the authoritarian regime. Although democracy is a legal form in politics, strict limits have been placed on civil and political life. The state is to a great extent freed from the need to respond to political pressures from social forces.

3. The demand for traditionalism to counter foreign cultural influence and to pursue a sense of national unity

To create a common language for communication among citizens, a bilingual language policy was introduced into the national education system in the late 1960s. The Chinese-educated intellectuals protested against this policy which caused the disappearance of the Chinese heritage. Traditionalism thus made its first appearance on the public agenda in the late 1970s as a balancing move to reassure the Chinese community that their heritage was a matter of national importance. Foreign cultural influence, an inevitable outcome of the language policy, was seen as the major cause of social discontent in the early 1980s. Traditionalism was again addressed by the state as a cultural ballast against foreign influence. A strong sense of collective survival and group interest was pursued by the state in its effort to enforce political consolidation in the late 1980s. For a collective sentiment to emerge, the state called for appreciation of, and respect for, traditional social values of different races. A national ideology, or what came to be officially referred to as the 'shared value', was formulated on the ground of common traditional ideas without too much reference to the diversity of their origin. Historical shophouses in the previous ethnic enclaves assumed more importance since they could provide the grounds for a nation to relate ancient customs, traditions and cultural values of different races to the current nationalist discourse.

4. The over-accumulation crisis in building investment and the search for a new niche market

Through public housing development and the land sale scheme, the state has played a key

role in construction investment and has used it as a means to satisfy the requirements of its development policy. At the beginning of the industrial restructuring process, the state increased construction investment to stimulate domestic capital formation, to absorb the labour force displaced from labour-intensive industries, and to decrease inflationary pressure caused by the radical wage policy. This policy resulted in the construction boom in the early 1980s. The economic crisis in the mid-1980s proved the limit of construction investment as a counter-cyclical device. The emphasis on building investment caused a continuous flow of capital into property development, thereby obstructing capital investment in productive sectors. The over-supply of floor space resulted in the stagnation of the property market, as the market itself needed time to absorb the accumulated floor space. The economic recession forced the state to take immediate actions to rationalise the supply of land for building investment. A new niche market for property developers and construction companies was sought in shophouse restoration, since the adaptive-reuse of parts of the built environment, with particular images and aesthetic value, could generate profit without increasing floor space and the density of activities on land.

5. The downturn of the property market and the falling demand for land in the Central Area

After two decades of housing development and urban renewal, the Central Area experienced a serious decline in population. As the majority of the population already lived in the public estates, the demand for residential space gradually approached its limit. The government thus decided to restrict housing development within the Central Area in the early 1980s. The slowdown of the economy during the restructuring process already had a hidden impact on the effective demand for office and commercial space. The over-supply situation in the mid-1980s also caused a fall in the occupancy rate and property prices. To tackle this problem, public housing development and the land sale scheme were both postponed. The decentralisation of office development was led by the public sector as a response to the declining market in the Central Area. All these effectively reduced the demand for land in the Central Area, and made conservation a practical proposition.

6. The concentration of power on the planning authority in the policy decision-making process

The absence of a landlord class at the beginning has given the planning authority greater autonomy. Planning policies have been formulated in a relatively isolated environment in which the authority has had absolute power to decide what it believes to be most appropriate. The public have been given very little chance to participate, even if their interests are affected. Although the planning authority has sometimes worked in collaboration with active individuals, the main purpose has been to channel dissent through its own institution, instead of allowing them to proceed by mobilising more participants. Although resistance has emerged in civil society against this form of decision-making, it has been too weak to constitute a force of challenge. The planning authority can ignore contrary opinions and impose its original decisions. The formulation of plans has been simply an effort made by the planning authority, conducted strictly within the confines of the state.

7. The efficiency of policy measures in the control over urban redevelopment

The state inherited a comprehensive legal system of development control from the colonial administration. The legislative framework has given the state absolute power to acquire land and property from private owners for development purposes. The state thus has monopolised land ownership. The private sector has participated in the development of land on a leasehold basis. The redevelopment of the Central Area has always been the central concern in the post-war planning. Several measures, such as compulsory acquisition, exemption of rent-control, tenant resettlement and land sale, have been broadly applied to achieve redevelopment objectives. The conservation of vernacular building has been considered as an integrated part of urban redevelopment, and has been placed under the powerful control of one single planning authority, which is well equipped with administrative and legislative instruments to implement its plans.

8. The devaluation of land in Chinatown caused by previous development

The post-war urban expansion, as a result of transportation and public housing development, caused the out-movement of population and businesses from the Central Area. As public and private investment flowed into the peripheral area, physical development in Chinatown was relatively slow, and land in this area was devalued. Urban redevelopment in the Central Area in the mid-1970s concentrated on the Golden Shoe Area and Orchard Road. The disparity of land values between vacant shophouses and tenanted shophouses in Chinatown was smaller than in these mentioned areas, and the gap decreased during the property booms. Although official and commercial development began to occur in the fringe area of Chinatown after the late 1970s, this place provided less profitable prospects than the other two areas even if land was used for comprehensive redevelopment. A conservation-based redevelopment strategy was seen as a rational response to the current market situation.

9. The change in land use in Chinatown due to the expansion of the financial district

The expansion of financial, banking and advanced services in the financial district in the late 1970s had some direct impact on land use in Chinatown. In the past, historical shophouses in this area were subject to rent-control regulation, so that land values were much lower than normal market levels. Many small- and medium-sized firms which demanded a good location close to the financial district, but could not afford high rents in large office buildings, moved into shophouses in Chinatown. Chinatown thus witnessed an expansion of commercial and office uses and a decline of residential use in the early 1980s. Tanjong Pagar, in particular, had a larger presence of office activities than Chinatown as a whole. The change in land use from residential use to office use indicated the existence of a potential market.

10. The guarantee of economic viability of shophouse restoration

The functional division between two national authorities suggests that at the very beginning, the state made a clear distinction between the preservation of historical monuments and the conservation of vernacular buildings. The planning authority adopted a

pragmatic and flexible approach, allowing investors to renew or modernise shophouses for new uses which maintaining a modicum of the visual quality of the original urban form. The removal of rent control, the adjustment of zoning regulation, and the minimum protection of traditional businesses, altogether combined to increase the prospect of profit-making. To facilitate the restoration process, the authority purchased historic buildings from their original owners and sold them to private developers who had sufficient financial capital. The prospect of profit-making and the effectiveness of planning policy, increased the confidence of private investors and successfully channelled investment into shophouse restoration.

11. The conversion of land ownership in Chinatown by planning practice

Housing development and urban renewal initiated by the planning authority already began to target precincts in the fringe area of Chinatown in the late 1970s. Many land parcels in the conservation area were converted to state ownership through the exercise of compulsory acquisition. More than two-third of shophouses in Tanjong Pagar were already purchased by the housing authority, with residents and commercial premises on the ground floors resettled to the public estates. Since there were subsequent changes in government policy to discontinue public housing development in the core of the Central Area in the early 1980s, these land parcels were handed to the URA. The large presence of vacant units made it easier to initiate its pilot project and to improve infrastructure and facilities in this area.

Taipei

In Taipei, the planning process of the re-invention and re-investment in the historical urban centre has been shaped by factors listed below:

1. The shift of emphasis in the state's development strategy

The state-led industrial restructuring process began in the late 1970s, aiming to transform the local productive structure from labour-intensive to capital-intensive industries. The slowdown in the economy was evident at the beginning, because locally-based labour-

intensive industries which produced for export markets were faced with upgrading difficulties. The state took an initiative in economic liberation in the mid-1980s to attract a new wave of foreign-based capital to Taiwan. The state removed many sectional restrictions on foreign investment and unveiled a long-term development plan to create a regional operational centre for international co-operations. The emphasis on the openness to international capital in the new development strategy has compelled the local government of Taipei to transform the capital city into a regional centre for foreign-based firms. The local government made an effort to assure a active role in upgrading infrastructure and services in the capital city. The planning policy for redevelopment and rehabilitation of the old central area was considered as one major part of the new agenda, as it could help to release land for office and commercial development, and could transform the existing image of the city. The preservation of historic buildings was integrated into urban redevelopment strategies, since the aesthetic aspect of physical environment became a matter of some importance.

2. The progress of political reform and the ideological battles in a multi-party politics

The authoritarian regime was challenged in the mid-1970s by a well-organised political opposition which declared a distinct Taiwanese identity and struggled to end the ruling party's domination in national politics. The reform of the ruling party began in the late 1970s, opening the party organisation to Taiwanese members and enhancing their role in the decision-making process. The deterioration of international status, the loss of control over anti-government riots and the failure to win an overwhelming victory in parliamentary elections forced the state to facilitate political reform in the mid-1980s. Martial law and the ban on political parties were both removed, and direct elections for mayor were introduced at the local government level. The development of political democracy weakened a single-minded view of Taiwan's political status and cultural identity. The division of views intensified political conflicts between political parties, with the re-unification with China on the one hand and Taiwanese independence on the other. The issue of economic liberation was also closely associated with the power struggle between two factions inside the KMT and later among political parties. The mainlander faction of the

KMT, which was steeped in the statist tradition and which battled to keep their domination of the party, was defeated by the Taiwanese faction, mainly supported by financial capitalists and representatives of business communities. The mainlander faction later formed another party with a clear ideology of anti-monopolies, anti-corruption and anti-Taiwanese independence, and remained as a powerful political force against any form of concession to economic liberalism.

3. The uncertainty of international status and the confusion of cultural identities

The desire to preserve Taiwan's historical heritage, as presented in the cultural movement in the late 1970s, stemmed from the awakening of political and cultural consciousness among the native Taiwanese. The aspiration to an alternative form of nationhood later contributed to the development of political movement, which aimed to terminate the political and ideological domination of the KMT. To create a collective sentiment among the population and to foster national unity, a consolidation process was initiated by the state. Taiwan's international status and internal conflicts made it difficult for the state to shape a common identity on the base of local history and culture. The state was reluctant to address any form of collective discourse that could potentially intensify political crisis or could cause social disintegration. The interpretation of the historical built environment was a battle field for those who had conflicting cultural identities. The state policy regarding historic preservation was thus ambiguous and was mainly designed to play down political pressures.

4. Market-operated building investment and the monopoly right of landlords in the urban areas

The private sector has played a dominant role in building investment. The state has initiated infrastructure development, provided credit to property developers and imposed relatively weak planning regulation to reduce the costs of property development, in order to create a favourable environment for private investment. The state's direct intervention has only taken place when there is a need to control the inflation rate and housing prices, both for internal cohesion and fiscal stability. Market-operated building investment has

provided an alternative way of making profits for those enterprises which were originally engaged in industrial production. The state's policy regarding land acquisition, land re-plotting and taxation has not effectively applied in the urban areas. Most of urban land has been under private ownership and the owners has held exclusive property rights. This control over the critical material source has given landlords decisive advantages in their ability to influence policy-making. Landlords have had considerable autonomy from the state and have been able to exercise influence against it if they foresaw any risk from planning policies to their interests. Many public plans in the urban area have paralysed because of the increasing difficulty in acquiring land from private owners. The ownership of land and properties in Dadowchang has been fragmented, mostly belonging to individual landlords. Landlords have been divided by contradictory views regarding the conservation-based redevelopment policy, yet their individual decisions have been basically driven more by economic rationale rather than by cultural identity. The monopoly right of landlords has made it difficult for the local government to initiate plans except with their consent.

5. The collapse of the price mechanism and the demand for combating property speculation

During the industrial restructuring process, capital formation was relatively slow and there was an excess of national savings in the private sector which could not be directed into productive investment. The accumulation of domestic savings created inflation pressures and generated a tremendous demand for property and financial assets. Many enterprise groups, which were involved in property development, established life-insurance corporations, trust and investment companies to avoid state financial regulations. Speculative demand, triggered by latent inflation and the operation of enterprise-owned property development companies, forced up property prices in the early 1980s. Several policy measures were introduced by the state to combat the widespread speculation. These measures could only control development companies which relied heavily on public subsidy and bank loans to finance their projects. As financial capitalists began to exercise their influence over the policy-making process, the fiscal measures used by the state to combat speculation were inadequate. The price mechanism of the housing

market was finally broken in the late 1980s. The general public became discontented with the distribution of the wealth in the country and the business groupings' excessive influence in politics. The conservation movement became a process in which citizens used cultural arguments to oppose a profit-orientated development doctrine.

6. The deficiency of planning devices in the control over urban development

Although the local government has been entitled to formulate plans and to apply planning devices such as land re-plotting and compulsory acquisition to obtain land for development purposes, it failed to act in most cases due to its lack of autonomy and financial sources. Major development projects have been initiated mainly by the planning agency of the central government. The function of the local planning authority has been reduced to administration, offering assistance to infrastructure projects and opening sites for private development. Urban renewal was neglected in the past and only played a small part in overall urban development. An adequate legislation for urban renewal formally arrived only in the early 1980s, when there was a urgent need to release land for property development and to upgrade the physical structure of the capital city. The local government has not succeeded in completing urban renewal projects because of the excessive fragmentation of land ownership and the deficiency of planning powers. Comprehensive redevelopment of land in the old central area has proceeded at a relatively slow pace, making a conservation-based redevelopment strategy an obvious alternative.

7. The conflicting interests in land and property development

The development strategy in the past caused economic resources to be diffused into a private sector largely controlled by Taiwanese-owned businesses. The accumulation of private capital was fostered. Following the political reform, financial capitalists and the representatives of business groupings have increased their political influence through collaboration with the ruling party or through participating in parliament elections. They have been in favour of economic liberation and have challenged the state's independence of policy decision-making. At the same time, pressure groups and neighbourhood organisations representing particular interests or areas, have become more organised and arti-

culated. They have demonstrated a massive need for some efficient way to generate collective goods that government has failed to deliver, and have challenged the primacy of liberal values that property rights and market decision-making have long established. Decision-making in planning has become more and more bounded by divided interests among social groups, with profit-seeking development on the one hand and non profit-seeking development on the other. This divided interest has been exaggerated because of the complexity of political and ideological conflicts among competing powers and different factions within the political regime. The local government has sought to demonstrate its neutrality by avoiding any connection with the growth-coalition in urban development. The 'controlled-growth' ideology has been employed to play down political pressures and to diffuse social discontent.

8. The stagnation of land and property development in Dadowchang

The switch of building investment from the core area to the periphery of the city caused the substantial devaluation of land and property in Dadowchang. The disparity of housing prices between this area and other districts in the city widened during the property booms. Although the underdevelopment of land opened longer-term possibilities for new investment, property development was hindered due to the lack of public investment in infrastructure, the excessive fragmentation of land ownership, and the nature of land use. As less profit could be made in land speculation in this area, the local government was convinced that it was in a stronger bargaining position vis-à-vis the pro-redevelopment interests.

9. The popular mobilisation in Dadowchang to oppose state intervention

As a form of state intervention, urban policy was not consistent and generally acted to remove political pressures. Landlords whose land was officially reserved for public plans suffered from the lower compensation prices and the delay in state action. They lost confidence in any form of planning policy. The deterioration of the physical environment and the decline in property values in Dadowchang were evident due to the lack of investment. Landlords in this area suffered discrimination in the provision of public services

and facilities. Their frustration therefore generated a tremendous pressure for change. The legislation for historical preservation emphasis on the authenticity of historical buildings, making these buildings pure objects for display and offering private owners little incentive to restore shophouses. Most importantly, as political and economic liberation were both in progress, the re-emphasis on the role of the public sector in urban development was seen as a serious intrusion in private affairs. The earlier initiative of public participation already implied a certain enlightenment in local politics. Landlords mobilised themselves to dispute the right of territory. Their action had a pluralist tone, reminiscent of the democracy movement of the same period.

10. The search for social consent through public participation

As direct elections have been introduced into the capital city, political leaders have been pressed to take account of the balance among all relevant interests and to match the expectation of citizens. The policy decision-making process has been more pluralistic and subject to effective challenges from popular demands. There has been a determinant effort made by the local government to build a open government structure and to give people an opportunity to exercise their political rights. Planning issues have played a major role in increasing such participation. The policy decision-making process has been generally shared by groups which possessed different kinds of political influence. Although the objections of private landlords in Dadowchang have seriously obstructed the implementation of the new planning policy, the local government has been favour of private owners rather than property developers as the leading agent in shophouse restoration. This decision can be seen as a comprise offered to landlords, but also has the clear aim of appealing to social participation and distributive justice rather than profit-making to generate popular support.

To sum up, in Singapore, this policy has been an integrated part of a new development strategy, with the aim of overcoming the over-accumulation crisis in building investment, providing a favourable environment for small firms in the service economy, and creating a distinctive visual image for the capital city. This policy has aimed to provide the ground for the state to relate the attitudes and values associated with historical heritage to the need to mobilise support for a new development strategy. It has

also been formulated for the purpose of moral regulation, thereby enhancing the status and power of the ruling elite and dominant interests. The policy decision-making process has been technocrat-rational, in which professional expertise within a bureaucratic system has initiated decisions and has influenced the general direction of the policy. The planning authority has had a high degree of autonomy to define planning objectives and has been given unusual power to get these goals accomplished. This policy has turned shophouse restoration into a useful field of building investment, enhanced the aesthetic diversity of urban form, and transformed the historic district into an enclave for small firms seeking location near the downtown core. At the same time, it also has generated several controversial issues concerning the displacement of traditional activities and the exclusion of local residents and civil groups.

In Taiwan, the policy has been formulated for the aesthetic improvement of the capital city, motivated by a new development strategy. This policy also has been conceived to correct the failure of planning to initiate urban renewal. It has been a compromise made by the state to play down political pressures stemming from aspirations to an alternative form of nationhood. This policy also has aimed to diffuse social discontent caused by a market failure in building investment, and to satisfy the popular demand for an alternative to profit-orientated property development. The policy decision-making process has involved not only the efforts of the planning authority and civil groups to promote historical preservation, but also persistent challenges made by the local community to the legitimacy of state intervention. The planning process has been directed not towards the achievement of policy goals but towards the resolution of conflicts between neighbourhood organisations and among interest groups. Although the conflicts remain unsolved, the planning process has played an very important part in increasing social and political participation. Through opening up the policy decision-making process, local government has generated popular support and maintained political stability

This thesis also reveals that the origins and the consequences of this planning process in both countries were conditioned in a transitional period in which several significant changes took place in economic, political and cultural spheres: a new development strategy was formulated to overcome the difficulties in the export-oriented economy; the one-party regime and its authoritarian rule were challenged by the increasing demand for political liberation; the ideological basis of the state was weakened by the downturn of

the national economy and the conflicts among cultural identities. By reconstructing the specific historical context, in which this planning process evolved, we explore the changing nature of the nation-building process in both countries.

Singapore and Taiwan, as developmental states, took advantage of the dynamics of global capitalism to achieve development objectives; developed a strong apparatus to define strategies in pursuing economic growth; and relied on economic success to facilitate political integration and national unity. As authoritarian states, they obtained a higher degree of bureaucratic autonomy to protect their development objectives from giving away to political pressure, and depended on a combination of organised violence, harsh repression and ideological control to secure this autonomy. As nation states, they combined civil-territorial and cultural-symbolic instruments in their distinctive ways to create political communities out of their local societies. The built-in conflicts presented in the initial stage of the nation-building process thus remained hidden by these historical circumstances.

The national-building process, in which developmentalist, authoritarian and nationalist discourses worked together, was both internal and externally conditioned, and was constantly insecure. The constant changes in the global economy, such as the take-off of manufacturing industries in neighbouring countries, the decline in export markets caused by protectionism and the changing direction of foreign investment, caused the developmentalist promise of further material rewards to become increasingly insecure. The turbulent nature of regional politics, which justified the use of organised violence or restriction on political activities by the repressive state, was changed by the increasing demand for economic corporation among countries. Also, there were new forms of conflicts created by new socio-economic divisions under the operation of the capitalist economy. They combined with conflicts which were temporarily repressed by the forces operating in peculiar historical circumstances, and acted together to weaken the social and ideological bases of the state.

The state had to reform its economic and political strategies in order to meet a new set of challenges from both internal politics and the global economy. In doing so, it responded to and anticipated opportunities in the global economy, set up long-term development objectives, adjusted itself to the changing market conditions, directed capital and labour out of declining sectors, and helped to remove obstacles to economic

development. However, the success of the new development strategy was decided politically depending on the need to secure social bases of support for that strategy. The state had to secure social consensus and social integration among citizens, thereby recreating legitimacy for the new development strategy. The attitudes and values associated with historical and spatial icons were used as cultural sources, mobilising individuals and institutions to act in certain ways, and helping to create a stable political environment for capital investment. They constituted the basis for moral exercise or regulation, enabling the state to enhance the unity of the society and to mobilise support for the new development strategy.

The ideology of capitalist development, which effectively mobilised the population into a collective process of pursuing growth was no longer sufficient to sustain an unified identity over a long period, since the national economy had begun to show a cyclical downturn. The state began to seek integrative elements in other grounds. The state of Singapore insisted on preventing the extension of civil and political rights, yet increasingly relied on enhancing cultural-symbolic instrument to perform the key integrative function for society. The nature of the authoritarian regime was not changed by political pressures. There was no political opposition competing for power, and were no opportunities for organised groups to access the political system. There was thus no ground for a pluralist politics to develop and for citizens to fully practice their political and civil rights. The alternative way of securing the national solidarity was through discovering and revitalising ethnic ties and sentiments. Yet there was no common ethnic experience among the populace. The national past was carefully selected to fulfil a current purpose. The state identified national myths and symbols on the basis of 'spiritual kinship' or 'ideological descents' from similar values and ideals in the past.

In Taiwan, the earlier expression of Chinese nationalist sentiment could not survive to become the basis of nation formation. The legitimacy of the state became more reliant on a currently-governed territory and membership in a common political culture for its self definition, rather than the fictitious claim of sovereignty over mainland China. Yet because of the complexity of political and ideological conflicts, the state seems to have been much more hesitant in using historical and cultural subjects for engendering a sense of unity. The essential foundation of the nation became a matter not of identity but of political principle and collective citizenry, bounded by common duties and citizenship

rights. As there was an acceptance of democracy in society, the state recognised that it could no longer rely on harsh repression as a means to achieve political stability and long-term predictability of the system. The sense of national unity had to be generated by social and political participation, namely, by the practice of civil and political rights. It could engender a sense of belonging, play down political pressure and diffuse social discontent, thereby strengthening the base of political and social integration.

The above discussion suggests that the interplay between economic interest, political power and national identity, explored in this thesis, is a meaningful relationship and not just a historical coincidence. However, the origins and consequences of this planning process were also conditioned by the internal dynamics and conflicts of urban policy, the planning regime and the property market. The reconstruction of the institutional setting, in which this planning process evolved, has explored the fundamental difference of the production of the built environment in the two countries. Although construction investment has had a subtle relationship with the rhythm and periodicity of economic cycles in both countries, the nature of construction investment and the degree of state intervention have been very different.

Construction investment in Singapore has been integrated into the state's development strategy and has acted as a productive force for the national economy. The production of the built environment has been largely controlled by the public sector and has been used as a counter-cyclical device to control economic deviations. The government has assisted the circulation of capital between the primary circuit and the property circuit through its direct investment, regulation, subsidisation and taxation. The investment in the property circuit has been unstable and contradictory, since it has been affected by many external forces operating in specific historical circumstances. The government has also taken actions to rationalise capital investment in the property circuit whenever over-investment in the built environment has acted as a barrier to growth or caused further crisis.

Construction investment in Taiwan has been less influential in leading the dynamics of capital investment and has assumed lesser importance in the state's development strategy. The production of the built environment has been largely controlled by the private sector. The role of the government has been to provide a favourable environment for private capital to perform its function. The government has taken actions to regulate

and to facilitate the operation of private market whenever the market itself could not work perfectly. As property speculation has caused inflation and widened income disparities, the government has also been obliged to respond to the interest of the general public by imposing certain regulatory measures on the interests of capital. Through short-term compromise and re-forms, the government has retained financial stability and has played down political pressures.

The purpose of this thesis has been to discover the mechanisms of interaction between economic interest, political power and national identity in the nation-building process. By considering this planning process as the outcome of an endless negotiation between these different and conflicting forces, we begin to understand the nature of the nation-building process in two different spatial situations and historical contexts. This thesis has also shown the way in which political, economic and cultural mechanisms interact with each other, both on structural and institutional levels, to produce this planning policy and its consequences. It suggests that the historical built environment should not be reduced to cultural symbols, detached from the exercise of political power and economic interest that helps to destroy or reproduce them. The understanding of rehabilitation or redevelopment of the historical built environment in a fast-growing region should not be separated from the complexity of its historical context.

Finally, an interesting exercise would be to apply the theoretical tools developed in this thesis to a study of the regeneration of historical urban centres in other newly industrialised countries. It would help to re-examine the theoretical framework developed in this study, and open the way for the discovery of the mechanisms of the nation-building process in another historical and spatial context. Also, this thesis has revealed that the production of the built environment in Singapore and Taiwan is different in nature. The major differences lie in the relationship between construction investment and economic development, the role of state intervention, the function of the planning regime and the logic of the property market. The forces that contribute to these differences have not been fully explored in this study and can provide an important field for further research.

APPENDIX 1
SUPPLEMENTARY STATISTICS

Appendix 1.1 Basic Economic Indicators, Singapore, 1960-1993

	Gross Domestic Product	*Real Deposit Interest Rate*	*Consumer Prices*	*Consumer Price-Housing*	*Gross Domestic Capital Formation/ GDP*	*Gross National Savings/ GDP*	*GNS/ GDCF*
	% Change	*% Change*	*% Change*	*% Change*	*%*	*%*	*%*
1960	-	-	-	-	-	-	-
1961	8.6	-	-	-	-	-	-
1962	5.6	-	-	-	-	-	-
1963	11.6	-	-	-	-	-	-
1964	0.6	-	1.6	1.7	-	-	-
1965	11.3	-	0.3	2.1	-	-	-
1966	12.7	3.5	2.1	0.2	-	-	-
1967	12.5	4.1	3.5	3.3	-	-	-
1968	15.2	4.9	0.8	1.6	-	-	-
1969	16.3	3.9	-0.3	2.3	-	-	-
1960-1969	9.4	4.1	1.3	1.9	-	-	-
1970	15.6	4.0	0.4	1.4	-	-	-
1971	17.6	2.3	2.1	2.1	43.7	19.9	45.6
1972	29.8	0.3	2.4	1.7	41.1	22.8	55.5
1973	25.6	-3.8	26.0	7.4	39.1	24.6	62.9
1974	22.8	-5.2	27.0	14.8	45.0	23.3	51.7
1975	6.3	0.1	5.7	2.9	37.6	26.9	71.5
1976	9.0	3.8	-1.8	5.4	37.7	25.7	68.2
1977	9.6	4.4	3.0	1.5	33.3	26.1	78.3
1978	9.9	4.2	4.8	1.2	35.6	26.0	73.0
1979	16.9	4.1	4.0	4.8	43.4	35.6	82.0
1970-1979	16.3	1.4	7.4	4.3	39.6	25.7	65.4
1980	22.3	4.0	8.2	11.2	46.3	33.0	71.2
1981	16.9	5.3	8.2	4.3	46.3	35.7	77.1
1982	11.4	6.7	3.9	2.2	47.9	39.4	82.3
1983	12.4	2.3	1.2	0.3	47.9	44.4	92.7
1984	9.0	-	2.6	2.1	48.5	46.4	95.8
1985	-2.8	-	0.5	2.5	42.5	42.5	100.0
1986	-1.8	-	-1.4	-1.9	38.2	41.3	108.1
1987	10.0	-	0.5	-1.0	39.1	41.9	107.1
1988	14.3	-	1.5	0.2	36.6	43.6	119.0
1989	19.6	-	2.8	1.6	35.8	44.9	125.4
1980-1989	11.1	2.8	2.8	2.2	42.9	41.3	97.9
1990	15.2	-	3.5	5.9	39.5	45.2	114.5
1991	10.4	-	3.7	2.0	38.0	47.4	124.9
1992	8.3	-	2.5	2.2	40.4	48.2	119.1
1993	12.5	-	2.7	4.0	43.8	47.5	108.4
1990-1993	11.6	-	3.1	3.5	40.4	47.1	116.7

Source: Year Book of Statistics, Singapore.

Appendix 1.2 Basic Economic Indicators, Taiwan, 1952-1993

	Gross Domestic Product	*Real Deposit Interest*	*Consumer Price*	*Consumer Price-Housing*	*Gross Domestic Capital Formation/GDP*	*Gross Naitonal Savings/GDP*	*GNS/ GDCF*
	% Change	*% Change*	*% Change*	*% Change*	*%*	*%*	*%*
1952	12.0	-	-	-	15.3	8.6	99.8
1955	8.1	-	-	-	13.3	11.9	109.2
1956	-	-	10.5		-	-	-
1957	-	-	7.5	10.1	-	-	-
1958	-	-	1.3	6.2	-	-	-
1959	-	-	10.6	7.9	-	-	-
1952-1959	10.1	-	7.5	8.1	14.3	10.2	104.5
1960	6.3	-	18.5	4.0	20.2	9.5	88.0
1961	-	-	7.8	1.9	-	-	-
1962	-	-	2.4	4.1	-	-	-
1963	-	-	2.2	3.3	-	-	-
1964	-	-	-0.2	-0.6	-	-	-
1965	11.1	-	-0.1	3.4	22.7	11.6	91.2
1966	8.9	-	2.0	2.0	21.2	15.8	104.5
1967	10.7	7.4	3.4	5.7	24.6	13.5	93.5
1968	9.2	5.4	7.9	8.9	25.1	15.5	89.0
1969	8.9	3.1	5.1	6.4	24.4	18.0	97.0
1960-1969	9.2	5.3	4.9	3.9	23.0	14.9	95.0
1970	11.4	3.5	3.6	3.8	25.5	18.2	100.1
1971	12.9	6.3	2.8	1.1	26.2	21.4	109.9
1972	13.3	6.0	3.0	0.5	25.6	25.4	125.3
1973	12.8	2.9	8.2	6.0	29.1	23.8	118.1
1974	1.4	-5.0	47.5	23.4	39.2	19.2	80.4
1975	4.8	-14.4	5.2	2.2	30.4	26.3	87.5
1976	13.7	9.3	2.5	7.1	30.8	24.1	105.1
1977	10.2	5.8	7.0	5.5	28.1	27.7	115.2
1978	13.6	3.5	5.8	2.8	28.2	26.6	121.6
1979	8.2	4.5	9.8	13.2	32.9	23.3	101.5
1970-1979	10.2	2.2	9.5	6.6	29.6	23.6	106.5
1980	7.3	-0.3	19.0	24.2	33.8	24.9	95.4
1981	6.2	-3.1	16.3	19.7	29.9	27.9	104.4
1982	3.6	1.4	3.0	2.2	25.2	31.0	119.2
1983	8.4	6.9	1.4	1.6	23.5	30.1	137.1
1984	10.6	5.6	0.0	0.7	22.2	31.3	154.1
1985	4.9	-	-0.2	0.4	19.1	36.5	179.1
1986	11.7	-	0.7	-0.2	17.5	37.4	224.7
1987	12.3	-	0.5	0.5	20.5	29.9	191.7
1988	7.4	-	1.3	0.6	23.3	28.8	151.3
1989	7.7	-	4.4	3.8	22.8	29.8	138.2
1980-1989	8.0	1.6	4.6	5.4	23.8	30.7	149.5
1990	4.9	-	4.1	5.1	22.4	28.9	133.4
1991	7.2	-	3.6	6.0	24.8	27.7	132.5
1992	6.5	-	4.5	3.5	24.2	25.9	118.0
1993	6.1	-	2.9	3.9	25.2	27.0	113.0
1990-1993	6.2	-	3.8	4.6	23.7	27.4	124.2

Source: Year Book of Statistics, Taiwan, 1950-1993.

Appendix 1.3 Share of GDP by Sectors, Singapore, 1967-1993

	Agriculture	*Construction*	*Manufacturing*	*Commerce*	*Transport and Communication*	*Financial and Business Service*
1967	3.0	5.6	16.8	30.0	10.6	8.2
1968	2.8	5.9	17.8	29.8	11.0	8.4
1969	2.6	5.8	19.2	29.2	11.1	8.9
1970	2.3	6.3	20.0	28.0	11.2	8.9
1971	2.3	6.4	21.6	27.4	11.4	9.4
1972	2.1	6.6	22.0	26.6	12.0	9.5
1973	1.8	5.4	23.0	26.6	13.0	10.1
1974	1.6	5.4	23.0	27.7	13.2	10.4
1975	1.6	8.1	24.0	26.9	11.3	15.8
1976	1.6	8.3	24.0	26.1	12.3	15.3
1977	1.5	7.5	25.0	26.5	13.2	14.7
1978	1.5	6.3	26.0	26.0	14.7	14.5
1979	1.4	6.0	28.0	25.1	14.2	15.3
1980	1.3	6.5	28.4	23.2	14.6	17.4
1981	1.2	7.4	29.0	21.4	14.1	19.6
1982	1.1	9.7	25.0	21.2	14.0	20.3
1983	1.0	11.5	24.0	19.9	13.8	20.7
1984	0.9	12.4	25.0	18.7	14.0	21.5
1985	0.8	10.7	23.0	18.4	14.2	22.8
1986	0.6	8.1	25.0	16.7	14.3	26.3
1987	0.5	6.7	26.8	16.9	14.2	26.5
1988	0.4	5.8	28.5	17.7	14.1	25.3
1989	0.3	5.3	28.6	17.5	14.1	25.3
1990	0.3	5.3	28.8	17.9	14.2	26.0
1991	0.2	6.0	28.4	18.3	14.3	26.2
1992	0.2	6.9	27.5	18.1	14.3	26.1
1993	0.2	6.7	27.5	17.1	14.4	26.8
1994	0.2	7.1	28.2	17.6	14.5	26.5

Source: Year Book of Statistics, Singapore, 1994

Appendix 1.4 Share of GDP by Sectors, Taiwan, 1952-1993

	Agriculture	*Construction*	*Manufacturing*	*Commerce*	*Transport and Communication*	*Financial and Business*
1952	32.2	3.9	12.9	17.9	4.2	9.6
1955	29.1	4.8	15.6	16.6	4.3	9.5
1960	28.5	3.9	19.1	15.3	4.7	9.0
1965	23.6	4.0	22.3	15.8	5.4	9.2
1966	22.5	4.0	22.5	15.4	5.8	9.2
1967	20.6	4.2	24.9	14.5	5.4	9.3
1968	19.0	4.3	26.5	14.2	5.8	9.3
1969	15.9	4.2	29.1	14.7	5.9	9.7
1970	15.5	3.9	29.2	14.5	6.0	9.8
1971	13.1	3.9	31.5	14.5	6.2	9.6
1972	12.2	4.0	34.3	13.7	6.1	9.5
1973	12.1	4.0	36.8	12.3	5.9	9.6
1974	12.4	4.5	32.8	13.8	5.8	10.1
1975	12.7	5.3	30.9	13.2	6.0	10.5
1976	11.4	5.7	33.8	12.5	5.9	10.5
1977	10.6	6.1	34.2	12.4	5.9	10.6
1978	9.4	6.1	35.6	12.1	6.0	10.9
1979	8.6	6.2	35.9	12.3	5.9	12.1
1980	7.7	6.3	36.0	13.1	6.0	12.7
1981	7.3	5.7	35.6	13.5	6.0	13.8
1982	7.7	5.0	35.2	13.6	6.0	13.7
1983	7.3	4.6	36.0	13.3	6.0	13.1
1984	6.3	4.3	37.6	13.5	6.3	13.3
1985	5.8	4.1	37.6	13.8	6.4	13.8
1986	5.5	3.9	39.7	14.1	6.2	13.1
1987	5.3	3.9	39.5	14.0	6.1	14.0
1988	5.0	4.3	37.8	14.3	6.2	15.7
1989	4.9	4.6	35.6	14.6	6.2	17.9
1990	4.1	4.9	34.4	15.4	6.1	18.9
1991	3.7	4.9	34.4	15.8	6.2	18.8
1992	3.5	5.2	32.9	16.3	6.3	19.2
1993	3.5	5.6	31.6	16.5	6.4	19.9
1994	3.4	5.5	32.0	16.7	6.6	20.0

Source: Year Book of Statistics, Taiwan, 1994

Appendix 1.5 Gross National Savings by Sectors, Singapore, 1974-1993

	Public Sector Savings				*Private Sector Savings*	
	Total		*CPF*		*Total*	
	S$ Million	*% of GNS*	*S$ Million*	*% of GNS*	*S$ Million*	*% of GNS*
1974	736		643	20.7	2366	76.3
1975	1362	35.4	821	21.3	2489	64.6
1976	1470	33.2	831	18.7	2971	66.9
1977	2021	41.2	888	18.1	2883	58.8
1978	2230	39.5	1027	18.2	3419	60.5
1979	2801	40.3	1534	22.1	4146	59.7
1970-1979	1770	31.6	957	19.9	3046	64.5
1980	3407	44.6	2036	26.6	4235	55.4
1981	4261	43.0	2599	26.2	5645	57.0
1982	5936	51.6	3506	30.5	5572	48.4
1983	8649	61.7	3849	27.5	5371	38.3
1984	11291	64.0	3166	17.9	6354	36.0
1985	11052	69.3	4159	26.1	4902	30.7
1986	11867	51.0	3411	18.3	4577	30.4
1987	12344	43.0	3566	18.4	5120	29.8
1988	14600	56.0	4035	23.6	5347	29.0
1989	16899	67.0	4233	28.9	5500	27.8
1980-1989	10031	55.1	3456	24.4	8771	38.3
1990	18776	69.4	4136	26.7	5240	29.5
1991	19700	64.2	4056	24.6	4967	29.0
1992	22040	61.4	4359	26.2	5290	29.8
1993	23667	56.7	4120	27.8	5120	27.0
1990-1993	21045	62.9	4167	26.3	5154	28.8

Source: Economic Survey of Singapore, Ministry of Trade and Industry, 1993

Note: Value= 1986 Price

Appendix 1.6 Gross National Savings by Sectors, Taiwan, 1952-1993

	Total	*Government*		*Public Enterprises*		*Private Sector*	
	Value(Million)	*Value(Million)*	*% Share*	*Value(Million)*	*% Share*	*Value(Million)*	*% Share*
1952	1,727	854	49.4	64	3.7	809	46 8
1955	2,717	1,372	50.5	231	8.5	1,114	41.0
1960	6,726	2,155	32.0	1,155	17.2	3,416	50.8
1965	15,705	2,407	15.3	1,929	12.3	11,369	72.4
1966	19,536	2,539	13.0	1,668	8.5	15,329	78.5
1967	23,642	2,890	12.2	2,693	11.4	18,509	78.3
1968	26,328	5,743	21.8	4,502	17.1	16,083	61.1
1969	32,904	8,459	25.7	6,323	19.2	18,086	55.0
1970	41,509	6,965	16.8	5,770	13.9	28,774	69.3
1971	56,336	9,525	16.9	5,469	9.7	41,342	73.4
1972	77,256	18,626	24.1	6,048	7.8	52,582	68.1
1973	109,694	22,958	20.9	5,359	4.9	81,377	74.2
1974	132,738	42,154	31.8	9,687	7.3	80,897	60.9
1975	111,389	37,195	33.4	12,404	11.1	61,790	55.5
1976	170,513	53,116	31.2	16,797	9.9	100,600	59.0
1977	199,782	57,651	28.9	17,728	8.9	124,403	62.3
1978	255,717	77,778	30.4	20,658	8.1	157,281	61.5
1979	298,230	103,128	34.6	23,536	7.9	171,566	57.5
1980	360,249	106,678	29.6	41,727	11.6	211,846	58.8
1981	403,661	105,590	26.2	41,029	10.2	257,042	63.7
1982	403,523	84,406	20.9	46,312	11.5	272,805	67.6
1983	489,700	104,452	21.3	56,838	11.6	328,410	67.1
1984	593,173	121,297	20.4	77,391	13.0	394,485	66.5
1985	611,531	115,090	18.8	60,129	9.8	436,312	71.3
1986	870,539	109,711	12.6	61,863	7.1	698,965	80.3
1987	984,524	187,623	19.1	54,485	5.5	742,416	75.4
1988	932,298	238,372	25.6	65,769	7.1	628,157	67.4
1989	893,931	287,255	32.1	50,861	5.7	555,815	62.2
1990	897,604	224,559	25.0	53,616	6.0	619,429	69.0
1991	1,014,969	96,186	9.5	96,681	9.5	822,102	81.0
1992	1,031,628	201,516	19.5	70,549	6.8	759,563	73.6
1993	1,117,321	217,385	19.5	73,283	6.6	826,653	74.0

Source: Year Book of Statistics, Taiwan, 1952-1993

Note: Value= 1986 price (NT million)

Appendix 1.7 Construction Investment and Gross Domestic Fixed Capital Formation, Singapore, 1960-1993

	Percentage Change in GDP	*GDFCF /GDP*	*Construction Industry/GDP*	*Construction Investment/GDP*	*Construction Investment/GDFCF*	*Housing Investment/GDFCF*
				%		
1960	-	6.7	2.0	-	-	-
1961	8.6	10.1	2.9	-	-	-
1962	5.6	10.8	3.0	-	-	-
1963	11.6	12.0	3.5	-	-	-
1964	0.6	15.3	4.2	-	-	-
1965	11.3	15.7	6.3	-	-	-
1966	12.7	13.8	5.6	-	-	-
1967	12.5	13.7	5.7	-	-	-
1968	15.2	17.0	5.9	8.0	46.9	18.4
1969	16.3	19.8	5.8	8.3	41.7	14.8
1960-1969	10.5	13.5	4.5	8.1	44.3	16.6
1970	15.6	24.2	6.8	9.7	40.2	12.7
1971	17.6	27.2	8.1	11.2	41.0	18.6
1972	29.8	26.8	8.5	12.1	45.2	21.6
1973	25.6	28.8	7.1	11.9	41.5	22.9
1974	22.8	37.3	7.4	15.5	41.6	22.4
1975	6.3	35.1	8.1	15.9	45.1	22.4
1976	9.0	35.3	8.3	16.3	46.1	22.9
1977	9.6	32.9	7.5	14.6	44.4	22.5
1978	9.9	33.4	6.3	12.8	38.5	17.0
1979	16.9	31.2	7.0	13.1	42.1	18.7
1970-1979	16.3	31.2	7.5	13.3	42.6	20.2
1980	22.3	32.1	7.1	13.3	41.3	15.3
1981	16.9	35.2	7.7	14.6	41.4	14.1
1982	11.4	37.9	9.8	17.2	45.4	15.3
1983	12.4	42.2	11.7	22.2	52.6	22.1
1984	9.0	43.1	12.5	26.9	62.4	32.5
1985	-2.8	46.4	10.7	30.3	65.2	36.2
1986	-1.8	41.4	8.2	25.2	60.9	32.1
1987	10.0	33.6	6.7	19.0	56.5	25.6
1988	14.3	31.4	5.7	15.1	48.1	20.8
1989	19.6	30.8	5.4	12.2	39.7	19.1
1980-1989	11.1	37.4	8.5	19.6	51.4	23.3
1990	15.2	32.6	5.3	12.0	36.7	17.1
1991	10.4	34.8	6.1	11.8	33.9	14.1
1992	8.3	37.8	6.7	13.8	36.5	12.4
1993	12.5	37.3	0.7	12.5	33.4	13.1
1990-1993	11.6	35.6	4.7	12.5	35.1	14.2

Source: Year Book of Statistics, Singapore 1960-1993.

Appendix 1.8 Construction Investment and Gross Domestic Fixed Capital Formation, Taiwan, 1952-1993

	Percentage Change in GDP	*GDFCF /GDP*	*Construction Industry/GDP*	*Construction Investment/GDP*	*Construction Investment/GDFCF*	*Housing Investment/GDFCF*
				%		
1952	12.0	11.2	3.9	4.9	43.7	9.2
1955	8.1	11.3	4.8	4.6	40.8	12.6
1960	6.3	16.6	3.9	6.7	40.6	13.6
1965	11.1	16.9	4.0	6.1	35.9	9.7
1966	8.9	19.1	4.0	6.4	33.7	9.6
1967	10.7	20.6	4.2	7.1	34.4	11.1
1968	9.2	22.0	4.3	7.6	34.5	12.2
1969	8.9	22.1	4.2	7.5	33.7	11.1
1960-1969	9.2	16.8	3.4	5.8	28.7	9.0
1970	11.4	21.6	3.9	6.3	29.1	9.3
1971	12.9	23.2	3.9	6.1	26.1	12.5
1972	13.3	23.7	4.0	6.3	26.6	10.9
1973	12.8	24.9	4.0	6.3	25.3	12.2
1974	1.4	28.5	4.5	7.7	26.9	9.6
1975	4.8	31.1	5.3	9.5	30.6	10.2
1976	13.7	27.9	5.7	9.0	32.1	11.8
1977	10.2	25.6	6.1	9.3	36.4	13.5
1978	13.6	25.8	6.1	8.9	34.7	16.0
1979	8.2	28.1	6.2	9.1	32.5	15.5
1970-1979	10.2	26.1	5.0	7.9	30.0	12.2
1980	7.3	30.6	6.3	9.8	32.2	14.2
1981	6.2	27.9	5.7	8.5	30.5	14.7
1982	3.6	25.8	5.0	8.0	31.0	13.9
1983	8.4	22.8	4.6	7.1	31.1	13.5
1984	10.6	21.2	4.3	6.8	32.0	14.5
1985	4.9	18.9	4.1	6.7	35.4	15.5
1986	11.7	18.1	3.9	6.3	34.9	13.5
1987	12.3	19.2	3.9	6.3	32.8	14.3
1988	7.4	20.7	4.3	6.9	33.4	14.3
1989	7.7	22.1	4.6	7.2	32.6	14.6
1980-1989	8.0	22.7	4.7	7.4	32.6	14.3
1990	4.9	22.4	4.9	7.9	35.1	12.6
1991	7.2	22.2	4.9	8.4	38.1	11.5
1992	6.5	23.2	5.2	8.7	37.6	12.6
1993	6.1	24.0	5.6	9.4	39.4	13.1
1990-1993	6.2	23.0	5.1	8.6	37.5	12.5

Source: Year Book of Statistics, Taiwan, 1952-1993.

Appendix 1.9 Construction Industry and Construction Investment, Singapore, 1960-1993

	GDP	*Construction industry*		*Gross Domestic Fixed Capital Formation*		*Construction Investment*		*Housing Investment*	
	Value	*Value*	*% Change*	*Value*	*% change*	*Value*	*% Change*	*Value*	*% Change*
1960	2046	41	-	137	-	-	-	-	-
1961	2239	66	61.0	226	65.0	-	-	-	-
1962	2371	71	7.6	255	12.8	-	-	-	-
1963	2683	94	32.4	323	26.7	-	-	-	-
1964	2700	113	20.2	414	28.2	-	-	-	-
1965	2956	186	-0.1	463	11.8	-	-	-	-
1966	3330	187	0.5	461	-0.4	-	-	-	-
1967	3745	213	13.9	512	11.1	-	-	-	-
1968	4315	256	20.2	735	43.6	-	-	-	-
1969	5019	293	14.5	996	35.5	-	-	-	-
1970	5804	397	35.5	1403	40.9	-	-	-	-
1971	6283	508	28.0	1712	22.0	-	-	-	-
1972	8155	692	36.2	2188	27.8	-	-	-	-
1973	10240	725	4.8	2945	34.6	-	-		-
1974	12575	929	28.1	4694	59.4	1951	-	1053	-
1975	13373	1084	16.7	4698	0.1	2120	8.7	1051	-0.2
1976	14575	1205	11.2	5149	9.6	2375	12.0	1180	12.3
1977	15974	1199	-0.5	5259	2.1	2335	-1.7	1185	0.4
1978	17562	1113	-7.2	5860	11.4	2254	-3.5	994	-16.1
1979	26284	1852	0.7	8199	39.9	3454	-	1530	-
1980	28832	2055	11.0	9257	12.9	3827	10.8	1416	-7.5
1981	31603	2418	17.7	11126	20.2	4601	20.2	1573	11.1
1982	33772	3299	36.4	12810	15.1	5815	26.4	1960	24.6
1983	36537	4266	29.3	15405	20.3	8106	39.4	3403	73.6
1984	39572	4927	15.5	17067	10.8	10647	31.3	5551	63.1
1985	38923	4167	-15.4	18077	5.9	11780	10.6	6549	18.0
1986	39641	3234	-22.4	16424	-9.1	10007	-15.1	5265	-19.6
1987	43141	2897	-10.4	14503	-11.7	8195	-18.1	3720	-29.3
1988	47908	2742	-5.4	15065	3.9	7244	-11.6	3129	-15.9
1989	52657	2845	3.8	16226	7.7	6447	-11.0	3095	-1.1
1990	57049	3050	7.2	18610	14.7	6825	5.9	3186	2.9
1991	60884	3690	21.0	21190	13.9	7174	5.1	2989	-6.2
1992	64415	4340	17.6	24329	14.8	8874	23.7	3011	0.7
1993	71212	4761	9.7	26591	9.3	8891	0.2	3491	15.9

Source: Year Book of Statistics, Singapoire, 1960-1993.

Note: Value =1985 Pric e (SD million)

Appendix 1.10 Floor Area Built by Sectors and Uses, Singapore, 1963-1994

	Follr Area Built(sq.m.)					
	Total	*Percentage Change*	*By Public Sector*	*By Private Sector*	*Residential*	*Commercial and Industrial*
1963	990.0	-	-	-	772.0	218.0
1964	1013.0	2.3	-	-	787.0	226.0
1965	1445.0	42.6	-	-	1069.0	376.0
1966	1298.0	-10.2	-	-	1011.0	287.0
1967	1363.0	5.0	-	-	1001.0	362.0
1968	1487.0	9.1	-	-	1004.0	483.0
1969	1608.0	8.1	-	-	1161.0	447.0
1970	1819.0	13.1	-	-	961.0	858.0
1971	2198.0	20.8	-	-	1315.0	883.0
1972	3049.0	38.7	-	-	1915.0	1134.0
1973	3505.0	15.0	2195.0	1310.0	2175.0	1330.0
1974	3913.0	11.6	2402.0	1511.0	2824.0	1089.0
1975	5035.0	28.7	3390.0	1645.0	3431.0	1604.0
1976	5228.0	3.8	3908.0	1320.0	3688.0	1540.0
1977	5182.0	-0.9	4146.0	1036.0	3570.0	1612.0
1978	5732.0	10.6	4317.0	1415.0	3898.0	1834.0
1979	4541.0	-20.8	3284.0	1257.0	3243.0	1298.0
1980	4693.0	3.3	2883.0	1810.0	2538.0	2155.0
1981	4358.0	-7.1	2637.0	1725.0	2001.0	2357.0
1982	5513.0	26.5	3400.0	2151.0	2886.0	2627.0
1983	8598.0	56.0	5886.0	2712.0	5740.0	2858.0
1984	14890.0	73.2	11648.0	3244.0	11194.0	3696.0
1985	11329.0	-23.9	8530.0	2799.0	9199.0	2130.0
1986	8965.0	-20.9	6215.0	2750.0	6231.0	2734.0
1987	7057.0	-21.3	5492.0	1565.0	5061.0	1996.0
1988	6273.0	-11.1	5038.0	1235.0	4830.0	1443.0
1989	4039.0	-35.6	2387.0	1652.0	2861.0	1178.0
1990	4719.0	16.8	2573.0	2146.0	2629.0	2090.0
1991	4263.0	-9.7	2250.0	2013.0	2557.0	1706.0
1992	6581.0	54.4	3979.0	2602.0	4216.0	2365.0
1993	6506.0	-1.1	3397.0	3109.0	3950.0	2556.0
1994	6212.0	-4.5	3428.0	2784.0	3999.0	2213 0

Sourse: Building Statistics Quarterly 1974-1986; Construction and Real Estate Statistics Quarterly 1986-1989; Constructure Statistics Quarterly 1989-1993, Urban Redevelopment Authority, Singapore

Appendix 1.11 Public Housing Development in Singapore, 1960-1994

Year	*HDB Flat Built Each Year(Unit)*	*Percentage Change*	*% Population Live in HDB Flats*
1960	1,682	-	9.0
1961	7,320	77.0	11.4
1962	12,230	40.1	15.3
1963	10,085	-21.3	18.3
1964	13,028	22.6	22.0
1965	10,085	-29.2	23.0
1966	12,659	20.3	23.0
1967	12,098	-4.6	26.0
1968	14,135	14.4	29.6
1969	13,096	-7.9	32.6
1970	14,251	8.1	35.9
1971	16,147	11.7	38.1
1972	20,252	20.3	43.7
1973	23,224	12.8	45.1
1974	26,169	11.3	50.0
1975	28,027	6.6	54.8
1976	30,024	6.7	60.2
1977	30,406	1.3	64.7
1978	30,176	-0.8	69.0
1979	27,189	-11.0	71.9
1980	19,875	-36.8	74.1
1981	16,366	-21.4	74.1
1982	20,918	21.8	75.0
1983	42,400	50.7	77.0
1984	70,345	39.7	81.0
1985	50,348	-39.7	84.0
1986	38,896	-29.4	85.0
1987	29,203	-33.2	87.0
1988	27,517	-6.1	88.0
1989	11,979	-129.7	87.0
1990	13,805	13.2	87.0
1991	10,562	-30.7	87.0
1992	18,623	43.3	86.0
1993	17,900	-4.0	86.5
1994	25,987	31.1	87.0

Source: Annual Report 1963-, Housing Development Board, Singapore

Appendix 1.12 The Sale of Site Programme in Singapore, 1967-1982

Project Number	*Year*	*Number of Site*	*Number of Projects*	*Site Area(ha)*	*Total Investment ($ million)*
1	1967	13	13	13.93	195.58
2	1968	14	13	5.28	249.17
3	1969	19	18	7.62	310.39
	1971	2	2	2.36	3.30
4	1974	8	8	6.71	108.58
5	1976	6	4	4.68	131.92
6	1977	7	7	3.74	322.79
7	1978	17	11	22.46	1,436.80
8	1979	22	18	11.88	1,431.55
9	1980	21	17	17.66	2,531.72
10	1981	18	15	53.63	1,365.53
11	1982	19	17	8.90	854.61

Source: Urban Redevelopment Authority, 1983, p.11

Appendix 1.13 Supply, Demand and Occupancy Rate of Floor Space, Singapore, 1981-1994

	Office Floor Space(sq. m.)		*Shop Floor Space(sq.m.)*		*Private Residential Unit*	
	Supply	*Demand*	*Supply*	*Demand*	*Supply*	*Demand*
1981	1,834	1,754	834	752	19,755	17,606
1982	2,030	1,891	901	813	21,891	20,304
1983	2,200	2,017	1,013	906	25,070	23,047
1984	2,382	2,127	1,189	1,034	29,544	26,075
1985	2,630	2,241	1,257	1,062	35,694	29,981
1986	2,798	2,309	1,331	1,129	43,037	34,567
1987	3,074	2,396	1,480	1,203	47,045	39,509
1988	3,227	2,641	1,504	1,287	49,538	44,204
1989	3,302	2,832	1,520	1,345	51,310	48,200
1990	3,510	3,201	1,584	1,438	58,157	54,318
1991	3,649	3,335	1,613	1,487	61,948	57,983
1992	3,850	3,414	1,677	1,576	66,330	61,421
1993	4,384	3,949	2,844	2,636	71,299	66,236
1994	4,579	4,230	2,887	2,676	78,012	72,551
	Excessive Supply	*Occupancy Rate*	*Excessive Supply*	*Occupancy Rate*	*Excessive Supply*	*Occupancy Rate*
1981	80	95.6	82	90.2	2,149	89.1
1982	139	93.2	88	90.3	1,587	92.8
1983	183	91.7	107	89.4	2,023	91.9
1984	255	89.3	155	87.0	3,469	88.3
1985	389	85.2	195	84.5	5,713	84.0
1986	489	82.5	202	84.8	8,470	80.3
1987	678	78.0	277	81.3	7,536	84.0
1988	586	81.8	217	85.7	5,334	89.2
1989	470	85.8	175	88.5	3,110	93.9
1990	309	91.2	146	90.8	3,839	93.4
1991	314	91.4	126	92.2	3,965	93.6
1992	436	88.7	101	94.0	4,909	92.6
1993	435	90.1	208	92.7	5,063	92.9
1994	349	92.4	211	92.7	5,461	93.0

Source: Construction and Real Estate Statistics Quarterly 1986-1989; Potential Supply 1993-, Urban Redevelopment Authority, Singapore

Appendix 1.14 Property Price Index by Uses, Singapore, 1978-1995 (1985=100)

	All Properties	*Residential*	*Office*	*Commercial*	*Industrial*
1978	37	32	37	70	58
1979	43	39	43	85	60
1980	71	65	80	115	91
1981	130	111	224	197	190
1982	125	112	193	166	169
1983	130	126	173	149	141
1984	120	119	134	134	125
1985	100	100	100	100	100
1986	87	88	84	96	75
1987	103	103	98	114	79
1988	110	110	117	124	86
1989	110.5	110.8	109	114	94
1990	110.8	111.5	104	108	102
1991	111.4	112.6	97.1	101	111
1992	123	127.3	93.5	93.5	121
1993	152.9	163	92.5	90.7	129
1994	215	234	116	106.4	150
1995	249	267	157	123	193

Source: Singapore Private Property Price Index, 1992-; Price and Rental Indices,1994, Urban Redevelopment Authority, Singapore

Note: Statistics prior to 1984 are based on the original series complied by the Department Statistics, Ministry of Trade and Industry, which has a different weight of distribution and based year 1979.

Appendix 1.15 Share of Floor Space by Sectors, Singapore, 1985

	Central Area		*Outside Central Area*		
	CBD Inner Core	*CBD Outer Core*	*Decentralized Zones*	*Fringe of CBD*	*Others*
Business Sector	*Floor Area(s.f.)*				
Banking	163,977	0	0	1,838	0
Professional Service/Consultants	39,932	16,268	5,525	0	937
Trading	19,924	3,051	7,776	480	0
Oil/Petroleum	6,667	0	0	865	17,468
Engineering/Construction	11,137	6,685	5,789	0	0
Insurance	21,592	0	0	0	0
Computer Service	9,264	0	0	0	8,439
Finance Brokerage	12,323	3,901	0	0	0
Shipping/Freight	5,115	0	0	0	2,388
Others	16,887	5,025	637	4,055	6,969
Total	306,818	34,930	19,727	7,238	36,201
Banking	98.8	0.0	0.0	1.1	100
Professional Service/Consultants	63.7	26.0	8.8	0.0	100
Trading	63.8	9.8	24.9	1.5	100
Oil/Petroleum	26.7	0.0	0.0	3.5	100
Engineering/Construction	47.2	28.3	24.5	0.0	100
Insurance	100	0.0	0.0	0.0	100
Computer Service	52.3	0.0	0.0	0.0	100
Finance Brokerage	76.0	24.0	0.0	0.0	100
Shipping/Freight	68.2	0.0	0.0	0.0	100
Others	50.3	15.0	1.9	12.1	100
Total	75.8	8.6	4.9	1.8	100

Source: The Gold Card Financial Supplement, May, 1985

Appendix 1.16 Construction Industry and Construction Investment, Taiwan, 1952-1993

	GDP	*Construction Industry*		*Gross Domestic Fixed Capital Formation*		*Construction Investemnt*		*Housing Investment*	
	Value	*Value*	*%Change*	*Value*	*% Change*	*Value*	*%Change*	*Value*	*%Change*
1952	17,251	1,940	-	667	-	848	-	178	-
1955	29,981	3,401	-	1,454	-	1,388	-	430	-
1956	-		-	-	-	-	-	-	-
1957	-	-	-	-	-	-	-	-	-
1958	-	-	-	-	-	-	-	-	-
1959	-	-	-	-	-	-	-	-	-
1960	62,507	10,361	-	2,431	-	4,202	-	1,414	-
1961	-	-	-	-	-	-	-	-	-
1962	-	-	-	-	-	-	-	-	-
1963	-	-	-	-	-	-	-	-	-
1964	-	-	-	-	-	-	-	-	-
1965	112,627	19,090	-	4,473	-	6,853	-	1,861	-
1966	126,022	24,031	25.9	5,049	12.9	8,100	18.2	2,313	24.3
1967	145,817	30,022	24.9	6,095	20.7	10,336	27.6	3,319	43.5
1968	169,905	37,319	24.3	7,257	19.1	12,867	24.5	4,570	37.7
1969	196,845	43,564	16.7	8,227	13.4	14,683	14.1	4,826	5.6
1970	226,805	49,054	12.6	8,801	7.0	14,288	-2.7	4,544	-5.8
1971	263,676	61,282	24.9	10,307	17.1	16,017	12.1	7,647	68.3
1972	316,172	74,978	22.3	12,517	21.4	19,914	24.3	8,186	7.0
1973	410,405	102,301	36.4	16,550	32.2	25,897	30.0	12,499	52.7
1974	549,577	156,712	53.2	24,718	49.4	42,193	62.9	14,983	19.9
1975	589,651	183,312	17.0	31,032	25.5	56,158	33.1	18,676	24.6
1976	701,710	195,724	6.8	40,210	29.6	62,914	12.0	23,087	23.6
1977	828,995	212,590	8.6	50,463	25.5	77,413	23.0	28,783	24.7
1978	991,602	255,597	20.2	60,109	19.1	88,628	14.5	40,908	42.1
1979	1,195,838	335,916	31.4	73,977	23.1	109,170	23.2	52,231	27.7
1980	1,491,059	456,446	35.9	93,350	26.2	146,854	34.5	64,694	23.9
1981	1,773,931	494,043	8.2	100,656	7.8	150,879	2.7	72,817	12.6
1982	1,899,971	490,923	-0.6	95,448	-5.2	152,332	1.0	68,060	-6.5
1983	2,100,005	478,430	-2.5	97,488	2.1	148,750	-2.4	64,363	-5.4
1984	2,343,078	496,281	3.7	99,927	2.5	158,840	6.8	71,745	11.5
1985	2,473,786	466,341	-6.0	102,023	2.1	165,143	4.0	72,086	0.5
1986	2,855,180	517,461	11.0	109,926	7.7	180,542	9.3	69,860	-3.1
1987	3,222,993	620,098	19.8	126,146	14.8	203,506	12.7	88,759	27.1
1988	3,496,951	724,904	16.9	148,733	17.9	241,868	18.9	103,888	17.0
1989	3,878,547	855,292	18.0	176,977	19.0	279,144	15.4	125,120	20.4
1990	4,222,004	947,477	10.8	205,492	16.1	332,181	19.0	119,505	-4.5
1991	4,704,137	1,042,983	10.1	229,094	11.5	397,010	19.5	120,104	0.5
1992	5,198,505	1,207,845	15.8	269,986	17.8	454,269	14.4	151,805	26.4
1993	5,712,519	1,370,771	13.5	316,765	17.3	539,541	18.8	180,146	18.7

Source: Yearbook of Statistics, Taiwan,1952-1993

Note: Value = 1986 Price (NT million)

Appendix 1.17 Floor Area Built by Sectors, Taiwan, 1956-1993

	Total		*By Public Sector*		*By Private Sector*		*The Share of Private Sector in the Total*
	1,000sq.m.	*%Change*	*1,000sq.m.*	*%Change*	*1,000sq.m.*	*%Change*	*%*
1956	573.7		532.7		41.0		7.1
1957	412.2	-28.2	380.2	-28.6	32.0	-22.0	7.8
1958	347.9	-15.6	307.9	-19.0	40.0	25.0	11.5
1959	25.6	-92.6	22.1	-92.8	3.5	-91.3	13.7
1960	2,140.4	8268.4	1,852.4	8290.6	288.0	8128.6	13.5
1961	1,380.8	-35.5	984.8	-46.8	396.0	37.5	28.7
1962	1,377.8	-0.2	944.8	-4.1	433.0	9.3	31.4
1963	818.7	-40.6	319.7	-66.2	499.0	15.2	61.0
1964	2,464.2	201.0	1,878.2	487.6	586.0	17.4	23.8
1965	1,910.4	-22.5	115.4	-93.9	1,795.0	206.3	94.0
1966	4,612.0	141.4	1,745.0	1411.7	2,867.0	59.7	62.2
1967	5,538.6	20.1	1,833.6	5.1	3,705.0	29.2	66.9
1968	5,724.6	3.4	1,065.6	-41.9	4,659.0	25.7	81.4
1969	5,959.8	4.1	149.8	-85.9	5,810.0	24.7	97.5
1970	6,029.7	1.2	573.7	283.0	5,456.0	-6.1	90.5
1971	6,902.3	14.5	507.3	-11.6	6,395.0	17.2	92.7
1972	8,575.9	24.2	279.9	-44.8	8,296.0	29.7	96.7
1973	9,892.6	15.4	184.6	-34.0	9,708.0	17.0	98.1
1974	11,484.1	16.1	754.1	308.4	10,730.0	10.5	93.4
1975	13,388.7	16.6	997.7	32.3	12,391.0	15.5	92.5
1976	15,959.7	19.2	997.7	0.0	14,962.0	20.7	93.7
1977	20,877.8	30.8	1,044.8	4.7	19,833.0	32.6	95.0
1978	23,678.0	13.4	924.0	-11.6	22,754.0	14.7	96.1
1979	29,593.8	25.0	832.8	-9.9	28,761.0	26.4	97.2
1980	36,375.4	22.9	1,091.4	31.1	35,284.0	22.7	97.0
1981	39,758.8	9.3	866.8	-20.6	38,892.0	10.2	97.8
1982	29,181.2	-26.6	2,262.2	161.0	26,919.0	-30.8	92.2
1983	26,355.5	-9.7	1,368.5	-39.5	24,987.0	-7.2	94.8
1984	29,022.9	10.1	1,831.9	33.9	27,191.0	8.8	93.7
1985	28,628.6	-1.4	515.6	-71.9	28,113.0	3.4	98.2
1986	26,527.3	-7.3	568.3	10.2	25,959.0	-7.7	97.9
1987	25,459.4	-4.0	280.4	-50.7	25,179.0	-3.0	98.9
1988	30,053.1	18.0	287.1	2.4	29,766.0	18.2	99.0
1989	31,521.5	4.9	265.5	-7.5	31,256.0	5.0	99.2
1990	31,843.3	1.0	568.3	114.0	31,275.0	0.1	98.2
1991	32,283.4	1.4	280.4	-50.7	32,003.0	2.3	99.1
1992	37,201.1	15.2	287.1	2.4	36,914.0	15.3	99.2
1993	47,798.5	28.5	265.5	-7.5	47,533.0	28.8	99.4

Source: Construction Statistics 1960-1993, Excutive Yuan, Taiwan

Appendix 1.18 Property Development by the Private Sector, Taiwan, 1976-1994

	Floor Area Built(1,000sq.m.)		
	Residential	*Commercial*	*Industrial*
1976	7,780	4,189	1,945
1977	9,916	5,752	2,777
1978	11,604	6,599	2,958
1979	13,518	9,491	4,314
1980	18,700	9,879	4,587
1981	21,002	10,917	4,084
1982	13,604	6,729	3,563
1983	13,547	5,779	2,962
1984	14,328	5,633	3,843
1985	14,661	5,697	3,951
1986	14,110	4,310	3,618
1987	12,675	3,881	4,813
1988	14,888	4,784	6,402
1989	15,063	6,066	6,239
1990	12,422	9,694	5,471
1991	13,242	9,474	4,780
1992	16,669	10,109	5,046
1993	22,348	14,449	5,023
1994	27,238	16,674	5,103

Data Source: Construction Statistics, 1994, Excutive Yuan, Taiwan

Appendix 1.19 Public Housing Development in Taiwan, 1956-1993

	Housing Unit Built by the Public Sector			
	Total	*General Housing*	*Housing Built in Military Dependent Village*	*Low-income Housing*
1956	47,815	5,381	42,434	-
1957	3,840	3,840	-	-
1958	3,110	3,110	-	-
1959	223	223	-	-
1960	18,711	18,711	-	-
1961	9,947	9,947	-	-
1962	9,543	9,543	-	-
1963	3,229	3,229	-	-
1964	18,972	18,972	-	-
1965	1,166	1,166	-	-
1966	62,430	17,626	44,804	-
1967	18,521	18,521	-	1,824
1968	10,764	10,764	-	128
1969	1,513	1,513	-	504
1970	5,795	5,795	-	884
1971	5,124	5,124	-	114
1972	2,827	2,827	-	
1973	1,865	1,865	-	
1974	9,127	7,617	1,510	3,841
1975	12,158	10,078	2,080	4,315
1976	10,078	-	-	-
1977	10,554	20,286	-	-
1978	13,701	9,333	4,368	-
1979	8,412	8,412	-	-
1980	11,024	11,024	-	-
1981	8,756	8,756	-	-
1982	22,850	22,850	-	-
1983	13,823	13,823	-	-
1984	18,054	18,504	-	-
1985	28,613	5,208	23,405	-
1986	5,740	5,740	-	-
1987	2,832	2,832	-	-
1988	2,900	2,900	-	-
1989	2,682	2,682	-	-
1990	12,280	5,760	12,280	-
1991	2,220	2,832	2,220	-
1992	2,900	2,900	-	-
1993	2,684	2,684	-	-
Total	426,783	302,378	133,101	11,610

Data Source: Economic Construction Committee, Excutive Yuan, Taiwan

Appendix 1.20 Floor Area Built by Uses, Taipei, 1968-1993

	Floor Area Built(1,000 sq.m.)				
	Total	*%Change*	*Residential*	*Commercial*	*Industrial*
1968	6,084	-	5,686	215	183
1969	2,109	-65.3	1,377	220	159
1970	2,726	29.3	1,483	652	190
1971	4,747	74.1	3,475	600	282
1972	3,236	-31.8	2,282	383	207
1973	4,586	41.7	3,686	146	544
1974	2,047	-55.4	1,502	177	66
1975	5,835	185.1	4,730	674	55
1976	6,328	8.4	4,318	1,560	91
1977	4,533	-28.4	3,092	833	81
1978	5,509	21.5	3,794	1,218	146
1979	5,718	3.8	3,498	1,400	184
1980	5,954	4.1	4,629	695	121
1981	8,521	43.1	6,770	1,202	138
1982	6,437	-24.5	5,120	819	67
1983	5,904	-8.3	4,139	1,257	48
1984	5,172	-12.4	3,254	1,041	62
1985	5,155	-0.3	3,306	1,162	37
1986	3,517	-31.8	2,180	766	62
1987	3,616	2.8	2,253	667	234
1988	4,440	22.8	2,203	821	328
1989	4,095	-7.8	2,158	1,437	105
1990	3,940	-3.8	1,997	770	184
1991	3,541	-10.1	1,786	503	151
1992	4,174	17.9	2,683	337	66
1993	5,877	40.8	3,725	615	301

Data Source: Annual Statistics 1968-1993, Department of Public Works, Taipei Municipal Government

Appenidx 1.21 Floor Area Built Every Year by District, Taipei, 1975-1990

	1975	*1976*	*1977*	*1978*	*1979*	*1980*	*1981*	*1982*	*1983*	*1984*	*1985*	*1986*	*1987*	*1988*	*1989*	*1990*
	Floor Area Built(1,000sq.m.)															
Central area(west and east CBD)																
Chengchung	106	359	224	339	20	40	200	30	30	70	120	30	30	30	261	66
Shungshan	314	990	699	814	580	1000	1050	520	450	680	700	210	500	550	1148	670
Fringe of the central area																
Taan	239	933	489	584	400	600	1300	580	680	450	600	300	200	100	361	324
Chungshan	274	802	504	756	350	450	1400	550	600	400	350	200	180	100	326	507
Old central area																
Lungshan	31	79	381	96	14	32	42	45	24	54	50	105	92	50	29	15
Yenping	55	58	92	80	10	55	38	32	16	32	32	20	12	10	13	27
Chiencheng	20	74	25	45	6	26	16	35	5	9	20	8	5	4	2	30
Outer urban area																
Tatong	48	110	82	88	60	40	100	80	70	50	170	50	30	50	114	83
Kuting	155	468	361	221	170	235	210	280	260	90	170	220	120	70	273	187
Shuangyuan	99	149	153	127	80	80	105	150	55	95	100	30	35	15	19	28
Chingmei	163	255	193	274	230	270	220	100	20	20	65	50	70	90	248	197
Suburban area																
Mucha	110	212	120	154	150	260	340	90	25	30	65	130	95	250	202	306
Neihu	41	278	278	514	400	500	850	1300	600	350	150	350	330	320	476	527
Nankang	137	211	156	150	80	110	130	200	100	50	80	10	30	25	115	176
Shihlin	85	538	518	678	420	450	470	490	670	450	360	200	190	280	315	437
Peitou	61	596	392	562	500	370	220	580	300	200	100	60	210	160	183	358

Source: Auunal Statistics, 1975-1990, Department of Public Works, Taipei Municiplal Government

Appendix 1.22 Prices of Newly-Constructed Housing, Taipei, 1973-1990

	1973	*1974*	*1975*	*1976*	*1977*	*1978*	*1979*	*1980*	*1981*	*1982*	*1983*	*1984*	*1985*	*1986*	*1987*	*1988*	*1989*	*1990*	*1991*	*1992*	*1993*
Taipei	2.09	2.77	3.36	3.35	3.49	3.93	5.57	8.49	9.00	8.21	8.06	7.62	7.51	8.38	11.76	22.19	35.72	35.05	33.13	33.00	34.38
%Change		32.83	21.14	-0.25	4.09	12.62	41.91	52.35	6.00	-8.82	-1.78	-5.44	-1.52	11.65	40.33	88.63	61.00	-1.87	-5.50	-0.38	4.18
Central Area																					
Chengchung	2.76	3.50	4.33	3.47	4.42	5.74	6.92	10.70	11.71	11.43	11.12	9.62	9.45	13.3	13.12	34.35	45.32	47.5	45.5	40.0	42.0
Shungshan	1.77	2.55	3.00	2.96	3.00	3.18	5.98	8.87	10.13	8.25	9.00	7.31	7.69	8.23	11.97	23.96	46.5	41.5	43.2	42.5	43.7
Average	2.27	3.03	3.67	3.22	3.71	4.46	6.45	9.79	10.92	9.84	10.06	8.47	8.57	10.77	12.55	29.16	45.91	44.50	44.35	41.25	42.85
Central Area Fringe																					
Taan	2.27	3.21	3.62	3.26	3.58	3.66	6.22	9.88	10.65	9.75	9.68	9.33	9.35	9.28	14.69	29.83	47.80	43.90	39.80	42.00	43.00
Chungshan	2.49	3.06	4.36	3.98	3.78	4.31	6.42	10.84	10.49	8.50	8.64	8.40	7.73	8.50	13.24	23.54	39.97	35.30	31.90	33.50	42.00
Average	2.38	3.14	3.99	3.62	3.68	3.99	6.32	10.36	10.57	9.13	9.16	8.87	8.54	8.89	13.97	26.69	43.89	39.60	35.85	37.75	42.50
Old Central Area																					
Lungshan	2.93	4.00	4.49	4.98	4.30	5.27	6.23	9.00	10.38	8.27	8.27	8.30	8.01	8.27	10.22	18.34	29.31	32.50	30.00	28.00	28.00
Yenping	2.43	2.75	4.70	4.75	4.28	4.89	6.58	10.34	10.62	9.90	9.20	8.37	8.26	8.45	10.95	18.67	26.79	28.50	24.00	23.00	24.00
Chiencheng	2.00	2.35	4.32	4.80	5.03	5.29	7.20	10.11	10.32	10.52	9.08	8.27	9.16	8.65	12.34	20.64	36.61	38.50	36.00	31.00	33.00
Average	2.45	3.03	4.50	4.84	4.54	5.15	6.67	9.82	10.44	9.56	8.85	8.31	8.48	8.46	11.17	19.22	30.90	33.17	30.00	27.33	28.33
Outer Urban Area																					
Tatong	2.85	2.62	2.93	3.23	4.48	4.48	6.10	8.68	8.84	8.11	7.41	7.34	6.25	8.29	11.99	18.16	30.50	33.30	27.50	27.00	28.50
Kuting	2.47	3.17	3.44	3.96	3.26	3.70	6.21	9.07	9.05	7.70	8.01	8.39	7.72	8.90	13.01	23.22	37.20	34.50	33.00	32.80	34.00
Shuangyuan	1.54	2.58	2.60	2.93	3.83	4.73	4.32	7.78	7.37	7.87	6.99	7.62	6.79	7.90	11.46	20.96	24.72	27.60	26.00	30.00	27.50
Chingmei	1.36	2.13	1.90	1.98	2.14	2.05	3.67	5.58	5.50	5.18	5.40	5.38	6.07	6.57	11.12	16.10	29.79	23.50	24.50	26.00	25.00
Average	2.06	2.63	2.72	3.03	3.43	3.74	5.08	7.78	7.69	7.22	6.95	7.18	6.71	7.92	11.90	19.61	30.55	29.73	27.75	28.95	28.75
Suburban Area																					
Mucha	1.31	1.56	1.61	1.79	1.93	2.23	2.60	3.66	5.08	5.16	5.00	5.50	5.69	5.45	7.78	16.40	22.88	22.50	22.70	24.00	23.50
Neihu	1.32	1.80	1.61	1.91	2.09	1.94	3.40	5.20	5.25	4.82	4.72	4.89	4.73	5.65	7.94	15.50	24.98	25.00	25.60	27.60	27.80
Nankang	1.29	1.84	1.49	1.56	1.48	2.12	3.01	3.38	3.94	4.47	4.86	4.49	4.63	5.54	9.45	14.39	24.17	22.50	24.10	30.00	25.00
Shihlin	1.22	2.62	2.65	2.55	2.71	2.78	4.50	6.36	7.16	6.63	6.53	6.35	6.39	7.32	10.81	19.97	35.84	38.90	38.00	39.00	39.00
Peitou	1.28	2.41	2.24	2.44	2.21	2.45	3.26	4.99	5.49	5.38	5.30	5.20	4.76	5.45	10.20	15.08	28.91	32.50	28.00	28.00	32.00
Average	1.28	2 05	1.92	2.05	2.08	2.30	3.35	4.72	5.38	5.29	5.28	5.29	5.24	5.88	9.24	16.27	27.36	28.28	27.68	29.72	29.46

Data Source: Weekly Report of Housing, Tailien Real Estate, Taiwan, 1994

Appendix 1.23 Urban Renewal Programme, Taipei, 1959-

No.	*Year*	*District*	*Land Area(ha)*	*Progress*	*New developemnt*	
					Shop	*Housing*
1	1959-1961	Chenchung	1.72	Completed	-	1,644
2	1969-1976	Wanhwa	12.70	Completed	-	1,860
3	1972-1974	Shungyuan	9.78	Completed	-	4,126
4	1972-	Taton	12.35	Incorporated into URLP	-	-
5	1972-	Chienchung	3.60	Incorporated into URLP	-	-
6	1977-1979	Mucha	3.20	Completed	-	536
7	1978-	Chungshan	1.40	Redevelopment in progess	-	-
8	1978-	Chungshan	1.20	Incorporated into URLP	-	-
9	1978-	Taan	1.20	Incorporated into URLP	-	-
10	1976-1982	Shihlin	1.25	Completed	-	309
11	1980-	Shihlin	1.40	Redevelopment in progess	-	-
12	1980-	Shungyuan	1.82	Incorporated into URLP	-	-
13	1982-1986	Taton	1.00	Completed	-	49
14	1983-1989	Shungshan	1.12	Completed	37	97
15	1984-	Taan	1.15	Completed	-	120
16	1984-	Mucha	1.85	Incorporated into URLP	-	-
17	1984-	Chungshan	2.03	Incorporated into URLP	-	-
Total					37	8741

Data Source: Urban Renewal Division, Urban Planning Board, 1985

Appendix 1.24 Share of Fixed Capital in Total Capital by Sectors, Taiwan, 1980-1990

	Public Sector		*Private Sector*	
	Land and Buildings	*Machinery and Equipment*	*Land and Buildings*	*Machinery and Equipment*
1980	12.1	12.9	12.2	20.8
1981	13.9	12.4	14.4	21.1
1982	14.1	14.5	14.8	21.6
1983	14.0	13.3	14.1	20.2
1984	14.1	13.9	14.0	22.2
1985	14.5	14.0	14.5	21.6
1986	14.5	14.2	14.4	22.5
1987	15.1	14.4	13.4	19.8
1988	15.7	14.3	15.4	16.9
1989	16.7	14.1	18.0	15.0
1990	17.9	14.0	19.5	14.3

Data Source: Research Survey of Industrial Finance, Economic Research Department, The Taiwan Bank

Appendix 1.25 Changes in Gross Profit by Industries, Taiwan, 1984-1990

	Percentage Change of Profit Rate						
	1984	*1985*	*1986*	*1987*	*1988*	*1989*	*1990*
Textiles Industry	10.1	6.7	10.4	12.2	4.9	0.7	0.5
Clothing Industry	6.3	2.7	13.2	13.4	3.6	0.4	0.3
Plastic Products	1.1	1.3	0.7	-1.1	1.9	1.8	1.6
Informational Products	-	-	-	4.2	6.2	5.1	6.5
Electronic Equipment	8.3	7.3	8.9	6.2	7.0	5.8	6.2
Import Trade	3.6	3.4	4.5	3.6	4.5	4.0	4.2
Export Trade	1.2	1.4	1.6	1.0	1.9	1.4	1.6
Hotel and Tourist service	7.8	9.1	17.9	17.1	19.3	19.6	18.5
Real Estate	-	-	-	13.3	17.2	21.6	24.2
Construction	-	-	-	3.6	2.3	4.3	4.5

Data Source: Taiwan Bank Association, 1987, 1990

Appendix 1.26 Property Values in Shophouse Areas, Singapore

	Golden Shoe (CBD)	*Telok Ayer and Kreta Ayer(o.5km)*	*Tanjong Pagar(1km)*	*South-North-New Bridge Road(1.5km)*	*Orchard Road(2km)*	*Fring of Central Area(2.5km)*
			Vacant			
1964	883	530	576	622	388	116
1965	1111	659	716	773	482	144
1966	1262	748	812	877	547	164
1967	1462	890	967	1044	651	195
1968	1612	1072	1165	1258	632	207
1969	1623	1294	1406	1518	-	240
1970	1634	1414	1537	1659	832	268
1971	2064	1325	1697	2068	1204	293
1972	2688	1398	2011	2624	1306	299
1973	4913	1599	2150	2700	2158	398
1974	4503	1382	1845	2308	2436	344
1975	3280	1168	1560	1951	2410	364
1976	4418	2069	2762	3455	-	409
1977	6031	2069	2762	3455	2434	433
1978		1904	2541	3179	2920	458
1979	6746	2053	2740	3428	4279	577
1980	7324	2202	2939	3677	4499	838
1981	7902	2351	3138	3926	4872	1197
1982	8481	2510	3351	4192	5244	1161
1983	9059	2669	3563	4457	5616	1506
			Tenanted			
1964	353	144	245	346	249	48
1965	403	161	274	387	279	54
1966	476	191	325	459	330	64
1967	509	204	347	491	353	68
1968	628	245	417	589	376	72
1969	1002	275	468	661	550	108
1970	1100	272	463	654	582	100
1971	1092	267	476	684	633	104
1972	1074	292	282	271	502	106
1973	1451	325	546	767	838	143
1974	1262	296	617	937	515	100
1975	1559	267	555	844	872	87
1976	1677	325	678	1030	938	119
1977	2116	189	393	598	1003	123
1978	1584	210	438	666	1069	126
1979	1921	281	586	890	1461	182
1980	2129	293	611	928	1621	164
1981	2336	307	640	972	1700	224
1982	2544	317	661	1005	1902	226
1983	2729	329	686	1043	2027	275

Data Source: Computer Files, Singapore Institute of Surveyrrs and Valuers, Singapore

Appendix 1.27 Land Values by Census Districts, Taipei

	Chengchung: WCBD(0KM)	*Lungshang (1KM)*	*Yenping (2KM)*	*Chungshang (3KM)*	*Taan (4KM)*	*Shungshan: ECBD(5KM)*	*Chingmei (8KM)*	*Neihu (10KM)*
Officially Announced Market Value(1940-1994)								
				$sq.m.				
1940	20,000	10,000	10,000	12,000	10,000	3,000	3,000	1,500
1970	30,000	12,000	14,000	18,000	14,000	5,000	4,000	2,000
1980	50,000	22,000	20,000	28,000	19,000	16,000	8,000	2,400
1985	80,000	35,000	30,000	35,000	28,000	30,000	10,000	8,000
1990	120,000	80,000	75,000	90,000	98,000	115,000	50,000	40,000
1994	150,000	90,000	77,000	108,000	108,000	135,000	50,000	40,000
Officially Announced Market Value-Urban Planning Area(1992, 1995)								
				$sq.m.				
1992(R)	227,233	152,196	140,098	176,566	263,166	182,167	78,322	117,654
1992(C)	502,977	242,171	207,871	387,021	524,295	438,540	169,842	257,750
1992(A)	365,105	197,184	173,985	281,794	393,731	310,354	124,082	187,702
1995(R)	233,948	170,095	151,246	183,155	288,042	276,076	85,060	125,319
1995(C)	519,983	256,087	265,807	396,527	578,362	861,020	171,773	262,085
1995(A)	376,966	213,091	208,527	289,841	433,202	568,548	128,417	193,702

Data Source: Chen, C, 1970; Don, S., 1980, Land Division Annual Report1980, 1985, 1990, 1994, 1995, Land Department, UDD, Taipei

Note: R= Residential Zone;C=Commercial Zone; A=Average. Land value in urban planning area had been collected since 1992.

Appendix 1.28 Land Value Index by Census Districts, Taipei (1970=100)

	1964	*1968*	*1969*	*1970*	*1971*	*1972*	*1973*	*1974*	*1975*	*1976*	*1977*	*1978*	*1979*	*1980*	*1981*	*1982*	*1983*	*1984*	*1985*	*1986*	*1987*	*1988*	*1989*
Taipei	-	-	-	100.0	111.3	113.7	147.7	279.8	366.3	389.4	429.4	490.7	669.6	884.2	1189.3	1268.1	1316.7	1336.0	1341.2	1393.9	1399.6	1630.3	2211.7
Central Area																							
Chengchung	35.5	82.8	95.9	100.0	100.1	100.2	105.3	241.4	241.7	266.8	303.7	305.1	420.2	433.4	571.6	606.7	618.8	627.3	649.4	660.8	660.6	691.0	836.8
Shungshan	23.7	79.4	95.7	100.0	160.0	164.0	236.5	396.9	408.4	469.5	594.4	613.2	852.0	1050.6	1275.6	1347.6	1542.7	1573.3	1584.8	1599.9	1751.8	2149.5	2557.9
Average	29.6	81.1	95.8	100.0	130.0	132.1	170.9	319.1	325.1	368.2	449.0	459.2	636.1	742.0	923.6	977.2	1080.8	1100.3	1117.1	1130.3	1206.2	1420.3	1697.4
Central Area Fringe																							
Taan	35.1	69.3	92.0	100.0	106.3	106.3	134.5	251.6	301.0	341.7	413.4	415.3	636.5	738.1	1013.1	1064.2	1075.9	1088.6	1119.0	1162.0	1178.3	1430.4	2893.2
Chungshan	26.3	86.7	99.1	100.0	101.7	102.2	118.7	220.1	234.9	263.4	321.5	322.0	430.2	483.8	619.7	654.2	659.8	667.7	668.4	672.2	746.1	895.3	1289.3
Average	30.7	78.0	95.6	100.0	104.0	104.2	126.6	235.9	267.9	302.6	367.4	368.7	533.4	611.0	816.4	859.2	867.9	878.2	893.7	917.1	962.2	1162.9	2091.3
Old Central Area																							
Lungshan	37.2	78.6	93.2	100.0	102.6	102.9	127.9	248.2	257.8	310.3	363.4	366.0	533.1	587.3	749.1	791.9	802.9	823.0	827.7	849.7	851.8	883.3	1033.4
Yenping	32.5	84.1	99.3	100.0	100.5	100.5	119.7	242.2	245.2	298.6	348.1	353.4	485.9	519.8	671.8	680.8	688.1	692.0	697.9	701.4	702.6	724.1	854.4
Chiencheng	33.9	82.7	96.6	100.0	103.3	107.8	114.1	260.9	261.1	321.5	386.0	410.7	506.6	537.5	707.7	743.9	755.3	757.5	764.8	775.3	775	798	942
Average	34.5	81.8	96.3	100.0	102.2	103.7	120.5	250.5	254.7	310.1	365.8	376.7	508.5	548.2	709.5	738.9	748.8	757.5	763.5	775.4	776.4	801.8	943.2
Outer Urban Area																							
Tatong	32.0	86.0	98.8	100.0	104.1	108.9	129.1	259.1	299.9	300.9	344.6	346.0	494.2	573.0	788.0	831.4	839.4	843.2	847.0	847.0	847.7	891.8	1021.1
Kuting	40.5	85.7	98.0	100.0	101.1	102.3	133.4	226.2	255.4	291.9	350.9	376.2	474.9	631.8	879.0	942.9	960.0	966.7	986.8	1016.0	1026.1	1108.2	1606.9
Shuangyuan	39.7	77.5	96.8	100.0	101.8	101.8	129.1	283.7	331.3	431.7	506.0	510.0	667.2	787.2	1170.5	1227.5	1236.3	1245.0	1248.5	1261.1	1258.9	1300.0	1586.0
Chingmei	-	-	-	100.0	100.0	103.5	118.7	230.3	254.6	489.8	652.9	661.9	981.0	1522.7	2419.8	2621.0	2654.0	2675.1	2700.0	2824.6	2881.1	3428.5	5039.8
Average	37.4	83.1	97.9	100.0	101.8	104.1	127.6	249.8	285.3	378.5	463.6	473.5	654.3	878.7	1314.3	1405.7	1422.4	1432.5	1445.6	1487.1	1503.5	1682.1	2313.5
Suburban Area																							
Mucha	-	-	-	100.0	100.0	100.4	107.1	214.5	241.6	432.2	582.4	584.0	869.9	1338.5	2482.8	2500.4	2503.8	2558.2	2604.3	2617.4	2632.5	3159.0	3474.9
Neihu	-	-	-	100.0	100.0	100.0	200.2	377.4	378.5	539.8	741.6	790.9	1124.9	2019.1	2170.9	2937.7	2958.1	2985.8	3030.4	3113.7	3518.5	4222.2	6248.8
Nankang	-	-	-	100.0	100.0	106.0	153.0	385.4	502.7	934.5	1139.1	1174.2	1646.3	2302.9	3152.0	3308.9	3343.7	3363.7	3459.8	3519.7	3554.9	4159.3	5282.3
Shihlin	-	-	-	100.0	100.0	117.6	129.7	247.7	262.1	281.5	400.2	412.7	517.7	674.3	988.1	1049.1	1062.3	1074.2	1089.8	1125.8	1381.4	1878.7	2555.0
Peitou	-	-	-	100.0	101.2	102.9	111.1	227.2	232.6	330.8	407.2	436.8	594.5	951.1	1503.2	1509.6	1554.5	1564.4	1573.0	1597.0	1660.9	2003.0	2503.8
Average	-	-	-	100.0	100.2	105.4	140.2	290.4	323.5	503.7	654.1	679.7	950.6	1457.2	2059.4	2261.1	2284.5	2309.3	2351.5	2394.7	2549.6	3084.4	4013.0

Data Source: Lim, Y., 1987

APPENDIX 2 LIST OF INTERVIEWEES

Singapore

S.1. Liu, T. K. Ex-Chief of the Urban Redevelopment Authority.
S.2. Wang, F. H. Zhen Gallery, Tanjong Pagar.
S.3. Soon, L S. China Sea Art Shop, Tanjong Pagar.
S.4. Lee, S. C. Chairman, C&L Development Ltd.
S.5. Fong, C. H. Ex-Resident of No. 68 Neil Road.
S.6. Lim, F. C. Singapore Heritage Society
S.7. Kong, L.L. Singapore Heritage Society
S.8. Liu, Y. C. Excuetive Officer, Urban Redevelopment Authority
S.9. Woo, K. L. Ministry of National Development
S.10. Liu, C. C. Singapore Institute of Planners
S.11. Chen, Y. K. Singapore Institute of Planners
S.12. Fong, K. L. Ex-Resident of No. 134 Tanjong Pagar Road
S.13. Tan, H. H. Tenant, No. 102 Tanjong Pagar Road
S.14. Yu, K. N. Tenant, No. 25 Neil Road
S.15. Lu, Y. L. Commercial Property Holddings
S.16. Low, K. H. Low Keng Hunt Construction Ltd
S.17. Jian, F. O. Jian Fu Ote Development Ltd
S.18. Da. J. L. Jones Lang Wooton Development Ltd

Taipei

T.1. Yu, C. C. Chairman, Chinese Medicine Association
T.2. Wang, B. C. Owner of No. 237 Dihua Street
T.3. Lee, S. H. Owner of No. 114 Dihua Street
T.4. Cen, Y.H. Owner of No. 236 Dihua Street
T.5. Kuo, W. T. Owner of No. 318 Dihua Street
T.6. Sui, C. B. Owner of No. 102 Dihua Street
T.7. Chuo, D. K. Chairman, Dye Chemical Ltd
T.8. Kua, C. Y. Chairman, Dadowchang Textile Wholesalers' Association
T.9. Yu, S. F. Owner of No. 330 Dihua Street
T.10. Chen, F. Y. Owner of No. 86 Dihua Street
T.11. Cheo. Z. H. Yaoshen Culture and Education Foundation
T.12. Cheng, W. L. Yaoshen Cultural and Education Foundation (DSZ Workshop)
T.13. Chen, C. W. Organisation of Urban Reformists
T.14. Lim, S. F. Organisation of Urban Reformists (DSZ Workshop)
T.15. Tsai, D. F. Ex-Chief of the Urban Planning Board
T.16. Chang, J. S. Director, Urban Development Department
T.17. Yang, T. B. Li-Ba Real Estate
T.18. Jong, D. K. Tai-Lien Real Estate

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